

# The NATIONAL UNDERWRITER

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## N.Y. Companies Urge Segregated Fund Law At Legislative Hearing

NEW YORK—President James F. Oates Jr. of Equitable Society presented to New York's joint legislative committee on insurance rates and regulation, a proposal allowing domestic companies to set up segregated accounts in connection with qualified pension, retirement or profit-sharing plans.

Mr. Oates called the need for separate accounts "most urgent" in view of the competition from out-of-state companies domiciled in states that now allow separate funds and from trust companies.

"It seems particularly inappropriate for the state legislature to permit one class of companies, the trust companies, such a competitive advantage over another class, the insurance companies, or to permit out-of-state insurers an advantage over domestic insurers," he said.

### Suggested Legislation

Mr. Oates recalled that three years ago he suggested legislation allowing insurers trustee power during the pay-in period. This proposal, opposed by the trust companies, did not bear fruit.

"Since then, a dozen states, more or less, have enacted legislation in this area, including such important and significant states as Massachusetts, Connecticut and New Jersey."

Mr. Oates said Equitable's proposed bill is largely adapted from the Connecticut and Massachusetts laws. Under the Connecticut law, upon the retirement of each employee, funds are taken out of the segregated account and applied to provide a guaranteed annuity supported by the insurer's

general assets. The Massachusetts law, however, does not require withdrawals from the account upon retirement as long as there are enough conventional securities in the account to support outstanding guaranteed annuities.

Equitable favors this latter provision for ease of operation and to avoid unnecessary sales of securities. At the same time, the proposal does not permit variable annuities, nor does it go as far as Massachusetts in permitting unguaranteed supplementary annuity payments. Furthermore, as under the Connecticut law, employee contributions under Equitable's proposal are subject to traditional investment restrictions.

Second vice-president Adelbert G. Straub of New York Life said his company favors an amendment to the law that would enable life companies to employ the segregated fund principle during the funding period of group annuities. He stressed the competitive disadvantage under which domestic companies are placed as

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## Small Gain In Sept. Ordinary Sales As Total Sets Record

Ordinary sales in September reached \$4,167,000,000, a gain of \$69 million, while total sales were \$5,866,000,000, a 2% increase and record for the month, according to LIAMA. Ordinary sales for the first nine months were \$39,016,000,000 up \$155 million, and total sales for the nine-month period were \$57,142,000,000, an increase of \$3,048,000,000.

Ordinary figures include individual policies written on groups of persons—\$379 million in the first nine months of 1961 and \$504 million in the nine months of 1960.

September group sales were \$1,121,000,000, up \$61 million, and for the nine months were \$12,798,000,000, a gain of \$2,828,000,000. Group figures represent new groups set up and additional coverage under amended group contracts already in force.

Industrial sales in September were \$578 million an \$11-million gain, and for the nine-month period were \$5,328,000,000, an increase of \$65 million.

## Md. Should Lead In Fight Against Twisters: Sears

Commissioner At Hearings On Proposal Says Public Can't Wait For NAIC Bill

By WILLIAM MACFARLANE

BALTIMORE—"Someone said that we should follow. I don't think Maryland should follow. We should lead. It is time for us to take action!"

The foregoing statement was made by Commissioner Sears at just about the midway point in a day and a half of informal hearings on the Maryland department's proposed anti-replacement regulation. It was his answer to the suggestion of several witnesses that the department, for the sake of uniformity among the various states' departments, might be better advised to forestall promulgating its regulation until National Assn. of Insurance Commissioners devises a model anti-replacement bill.

### Agree On Need

Life companies, through their own representatives here and through spokesmen for both American Life Convention and Life Insurance Assn. of America, while emphatically agreeing with the commissioner and agent association witnesses that there is a serious need for a regulatory solution to the replacement problem, objected to the proposed Maryland regulation on the grounds that it is such a radical departure from any other state's proposed or promulgated rule that it will preclude any possibility of uniformity.

The Maryland regulation would require the replacing agent to file with the department a copy of the proposal and to give one to his company and the client. The life companies, in sharp contrast with agent association wit-

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## INSTITUTE PRESIDENT TELLS SELECTION MEN:

## Computer No Replacement For Human Brain In Making Correct Underwriting Decision

An intelligent, well-trained human being can do a better job than an electronic computer in at least one vital



Clyde R. deHaas

administrative area of the life insurance business—the decision making of underwriting—John D. Rockafellow, Pacific Mutual Life, said in his presidential address at the annual meeting of Institute of

Home Office Underwriters in New Orleans.

Mr. Rockafellow was succeeded as institute president by Clyde R. deHaas, Equitable Life of Washington, D.C. Other officers elected at the meeting were Harold A. Munson, Guarantee Mutual Life of Omaha, executive vice-president; W. Ronald Marshall, Paul Revere Life, secretary-treasurer; Al O. Konigson, Lutheran Brotherhood, convention secretary, and Robert M. Kidd, Ohio National Life, reelected vice-president and editor.

Elected to the executive committee were Maynard L. Boucher, National Life of Vermont; W. Richard Condon, General American Life of St. Louis, and Clark H. Hutton Jr., Life & Casualty.

Mr. Rockafellow, addressing some 400 persons who registered for the meeting, said, "There is little doubt that classification of people into var-

ious groups, by numerous characteristics, can be automated and programmed for the electronic computer. But how effective would this be when dealing with human beings whose standards of honesty are variable and who are occasionally downright dishonest? Perhaps the cost of programming for these human variables will exceed the cost of intuitive judgment applied by an experienced underwriter. I believe this is so.

"The interpreting and coding of in-

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National Life of Vermont is host to foreign educators and students as part of the start of the centennial celebrating the Morrill land-grant college act. The visitors toured the home office and were guests at a luncheon. The Morrill act, which was signed by President Abraham Lincoln in 1862, was sponsored by Sen. Justin S. Morrill of



Stratford, Vt. Guests and host at National's participation in the observance are, from left, Epitha Aiyona Materu, Tanganyika; Dr. Fadil Hakki Sur, Turkey; Deane C. Davis, president National Life of Vermont; Caroline N. Turner, Australia; Frank Brown of Stratford, a friend of Sen. Morrill, and Eldon L. Johnson, president of the University of New Hampshire, who was speaker at the luncheon.

## Aug. Benefit Payments Total \$728.5 Million

Policyholders and beneficiaries received \$728.5 million in benefits from life and annuity contracts in August, some \$49 million more than in August, 1960, according to Institute of Life Insurance. For the first eight months total benefits were \$5,735,700,000, up 7%. Payments were broken down as follows:

AUGUST		
	1961 (000)	1960 Omitted
Death Benefits	\$313,700	\$292,000
Matured Endowments	56,400	51,400
Disability Payments	11,400	10,700
Annuity Payments	63,100	59,500
Surrender Values	151,500	142,400
Policy Dividends	132,400	123,200
Total	\$728,500	\$679,400
FIRST 8 MONTHS		
	1961 (000)	1960 Omitted
Death Benefits	\$2,394,100	\$2,248,000
Matured Endowments	469,000	453,500
Disability Payments	88,500	82,300
Annuity Payments	525,200	491,300
Surrender Values	1,205,000	1,092,400
Policy Dividends	1,053,900	977,200
Total	\$5,735,700	\$5,344,700

Manufacturers Life has increased from 4% to 4.1% the interest rate to be paid in 1962 on dividends on deposit and on policy proceeds left to accumulate which are eligible for surplus interest and have been on deposit for at least one year.

## TO BE CONSULTANT TO METROPOLITAN LIFE

## Gravengaard Retiring; National Underwriter Co. Vice-President



H. P. Gravengaard

H. P. Gravengaard, vice-president of the National Underwriter Co. and executive editor of its Diamond Life Bulletins department, will retire Dec. 1 under the company's retirement plan and will be retained by Metropolitan Life as a consultant to its field training division in advanced underwriting.

Mr. Gravengaard has been in life insurance work since 1924, when he joined Aetna Life's agency department after graduating from University of Nebraska with Phi Beta Kappa honors, receiving a graduate in theology degree from Grandview College of Des Moines and taking two years of graduate work at Harvard. He wrote the first history of Aetna Life and conducted its first field training schools. He was later its general agent at Columbus, O., for five years and in 1931 became general agent at Toledo for New England Life.

Mr. Gravengaard remained there until 1943, when he joined the National Underwriter Co. as associate editor of the Diamond Life Bulletins. During his first year with the company he wrote a series of business insurance textbooks that have sold over 600,000 copies and are still in use in revised form. He became editor of the DLB Agent's Service in 1946 and the following year was appointed a vice-president. He became editor of the Diamond Life Bulletins and executive editor of the department in 1950. During his three years as editor of the DLB Agent's Service, the number of subscribers more than doubled.

At the time of his appointment as vice-president, the Feb. 28, 1947, issue of THE NATIONAL UNDERWRITER said: "As editor of the DLB Agent's Service, Mr. Gravengaard has improved its quality, enlarged its scope, increased its circulation. His elevation to a vice-presidency is in recognition of the distinguished service that he has rendered as editor, speaker at life insurance gatherings, and department head. Mr. Gravengaard has become a national life insurance figure. He is in con-

stant demand as a speaker at life insurance meetings. The talks he has given in recent years, especially those on business insurance, have enhanced his reputation as a speaker capable of delivering powerful, convincing and stimulating addresses."

During Mr. Gravengaard's editorship of the Diamond Life Bulletins, the service's circulation has shown a net increase of more than 30% and the gross sales of the DLB department have shown a gratifying growth.

Mr. Gravengaard's work as a consultant with Metropolitan Life will not entail his moving from Cincinnati. He and Mrs. Gravengaard will continue to live at 700 Wakefield Drive, Cincinnati 26. They have two sons, Philip and Peter, both of whom are married, and a daughter, Karen, a college senior. Peter is manager of the group office of John Hancock in Washington, D. C.

## Seaboard Life Of Miami Buys Maine Indemnity

Seaboard Life of Miami has acquired Maine Indemnity of Portland, Me., in a transaction involving payment of 18,585 shares of Seaboard stock to Maine Indemnity stockholders, thus giving Seaboard 100% control.

This is the first acquisition of another insurance company made by the company but, according to Samuel Kosman, president, Seaboard is currently working on acquiring two other insurers in two different states.

Maine Indemnity writes only life business but, as a wholly-owned subsidiary of Seaboard, it will add health lines to its portfolio.

## Medical Directors Elect Gerald Collyer; Faulkner Hits 'Social Benefit Euphoria'

Dr. Gerald R. Collyer, medical director of London Life of Canada, was elected president of Assn. of Life Insurance Medical Directors of America at its annual meeting in New York. Dr. Collyer succeeds Dr. James R. Guder, medical director of Mutual of New York.



Dr. Gerald R. Collyer

Other officers elected were Dr. D. Sergeant Pepper, Connecticut Mutual Life, president-elect; Dr. Paul I. Robinson, Metropolitan Life, vice-president; Dr. Royal S. Schaaf, Prudential, secretary; Dr. Albert L. Larson, Travelers, treasurer, and Dr. Whitman M. Reynolds, Equitable Society, editor of the association's transactions.

E. J. Faulkner, president of Woodmen Accident & Life, told the meeting that most Americans today are the unwitting victims of an abnormal or exaggerated sense of well-being about social security, which Mr. Faulkner characterized as "social benefit euphoria."

He said, "Most Americans think of social security in terms of private insurance; they who are taxed to support it believe they are paying a premium to provide a pension for their own old

## Single Premiums Up 20% In Aug., 17% In 8 Months

Single premiums collected by life companies in the United States in August totaled \$19,161,000, up 20%, while for the first eight months they were \$157,227,000, up 17%, according to LIAMA's recently inaugurated monthly survey of premiums collected.

First year ordinary premiums other than single premiums were \$83,012,000, for a negligible decrease, in August, while for the eight months they were \$665,570,000, up 1%.

Ordinary renewal premiums collected in August were \$623,205,000, a gain of 4%, while for the first eight months they totaled \$981,548,000, up 6%.

Total premiums on group life, new and renewal, in August were \$139,821,000, up 6%, while for the first eight months they were \$1,080,455, also a gain of 6%. For wholesale, the August figure was \$3,606,000, up 15%, and for the first eight months \$26,14,000, up 9%.

## Total Industrial Off

Total industrial premiums for August were \$116,310,000, off 8%, and for the first eight months \$940,709,000, off 5%.

For Canada, the respective figures for August and the first eight months were: ordinary other than single premium, \$6,291,000, up 8%, and \$49,264,000, up 6%; single premiums only, \$1,349,000, up 117%, and \$9,619,000 up 24%; ordinary renewal premiums \$46,361,000, up 5%, and \$373,016,000, up 8%; group, \$9,358,000, up 16%, and \$65,795,000, up 7%; wholesale, \$87,000, down 13%, and \$792,000 down 13%; industrial, \$4,122,000, up \$46,361,000, and \$29,290,000, off 4%.

## Actuaries' Society Program Is Ready For Annual Rally

Society of Actuaries' annual meeting to be held Nov. 13-15 at the Greenbrier, White Sulphur Springs, W. Va., will follow its usual pattern of opening with a business meeting and presentation and discussion of papers. Dennis N. Warters, Bankers Life of Iowa and president Society of Actuaries will preside over the business session. Vice-presidents Morton D. Miller, Equitable Society, and Wendell Milliman, consulting actuary Milliman & Roberts, Seattle, will preside over the remainder of the sessions not having specified chairmen.

Papers to be presented the first morning and their authors are "The Case for Refinement in Methods of Allocating Investment Income," Edward A. Green, John Hancock; "Mortality Investigation with Expected Mortality Estimated at Issue by Use of Persistency Factors," Ernest J. Moorhead, New England Life "A Proposed New Industrial Valuation Table," William C. Brown, Colonial Life; "Gain and Loss Analysis and Related Concepts for Group Insurance," Bertram N. Pike, John Hancock; "The Use of Asset Shares and Model Office Techniques in Group Insurance Planning," Dwight K. Bartlett III, Monumental Life; "An Investigation of Group Major Medical Expense Insurance Experience," Stanley Gingery, Prudential, and Richard Mellman, Prudential.

## More Speakers Listed

Also, "The Commissioners' 1960 Standard Group Mortality Table and 1961 Standard Group Life Insurance Premium Rates," Morton D. Miller, Equitable Society; "Options on Annuity Rates," D'Alton S. Rudd, London Life; "Actuarial Note: Some New Tables for Major Medical and Disability Benefits," E. Paul Barnhart, Washington National; "Dividend Model for Non-Contributory Deposit Administration Group Annuity Contracts," Barnett N. Berin, Guardian Life; "1961 Amendments to the Social Security Act," Robert J. Myers, Social Security Administration; "Actuarial Note: Commissioners Reserves and Minimum Cash Values Using Continuous Functions," and "Actuarial Note: The Use of Continuous Functions with the Retirement Endowment Plan," both by Franklin C. Smith of George B. Stennes, consulting actuary,

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## Mullins Is Named Ohio Superintendent

Robert L. Mullins, who has been acting superintendent of insurance of Ohio since E. A. Stowell was elevated several weeks ago to executive assistant to Gov. DiSalle, has been made full superintendent. The appointment was announced by the governor at a luncheon Monday of Ohio Assn. of Insurance Agents during the annual meeting in Columbus.

There was no preliminary to the announcement Gov. DiSalle commented that he believes Mr. Mullins to be a man of unusually high integrity and followed that with the simple statement, "I guess this is the best time for me to announce that I am appointing Bob Mullins superintendent."

The suddenness of the announcement caused the audience to catch its breath, and this was followed by prolonged applause.

Officers of Allianz Insurance Co. of Munich, Germany, inspect the RCA data processing installation at New York Life during a tour of the home office. Fred Rom, New York Life's 2nd vice-president, left, discusses the system with Allianz executives Friederich Kockel, Alfred Haase and Hans-Leo Mueller-Lutz.





This advertisement,  
supporting  
Lincoln Life agents,  
will appear in  
The Saturday  
Evening Post.

## What wives can learn from widows . . .

**When left alone with children to raise, a widow faces frightening years of hardship and struggle.**



It's no simple matter, even for a husband and wife *together*, to maintain a home and raise a family.

So when a wife is left with this entire burden, it's really staggering. She must be breadwinner as well as loving parent and homemaker. Often her life becomes a discouraging, work-till-you-drop existence that goes on and on and on. There's no relief . . . no freedom from

the worries, fears and nameless anxieties that beset a woman striving to manage alone. Worst of all, the *children* sense all this, and feel insecure.

Hardships like these point out, above all else, the importance of adequate insurance on the husband's life. For life insurance can ease a widow's struggles . . . keep her with her children . . . provide comfort and security. Your nearby Lincoln Life agent is an expert at the kind of insurance planning that makes such security possible. Phone or write him soon.

THE **Lincoln** **Life**  
NATIONAL INSURANCE COMPANY

ITS NAME INDICATES ITS CHARACTER

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## MDRT 1963 Annual Meeting To Be Held June 12 Through 18

The 1963 annual meeting of the Million Dollar Round Table will be held June 12-18, according to Daniel H. Coakley, New York Life, Boston, vice-chairman of the 1962 MDRT executive committee. In the normal succession he will be chairman of the 1963 Round Table. The place of the meeting is not being announced at this time.



Daniel H. Coakley

In revealing the 1963 dates, Mr. Coakley said the Round Table is making every effort to determine and announce future meeting dates and sites as early as possible so as to minimize conflicts with other meetings of life insurance companies and organizations.

"We are hopeful that the meeting dates for the 1964 and 1965 annual meetings will be forthcoming later this fall or early in 1962," he added.

Next year's annual meeting will take place July 15-20 at the Queen Elizabeth Hotel, Montreal.

## Associates Investment Appoints Farquhar V-P

John Farquhar has been named vice-president of Emmco and Excel, wholly-owned subsidiaries of Associates Investment Co., South Bend, Ind. He will also be with Capitol Life of Denver, another subsidiary, as liaison officer with that company's investment portfolio manager.

Mr. Farquhar, vice-president of the investment department First Bank & Trust Co. of South Bend, will continue in that capacity in addition to his new duties. He has also been director of investments for Mutual Life of New York, assistant secretary and security analyst for Reliance and for Penn Mutual Life.

## Celebrates 50th Year

Midland Mutual Life's general agency at Marion, O., is celebrating its 50th anniversary. The oldest life agency in the city, it represents the company in 15 north-central Ohio counties. Lewis Ashworth is general agent.

## Chicago A&H Men Hear Kutsch Tell How Hospital Costs Affect Benefits, Premiums

Higher salaries are raising the cost of hospital care, and this cost is reflected in policy benefits and premiums, Henry Kutsch, administrator Ravenswood Hospital, Chicago, told members of Chicago A&H Assn. at the association's first meeting this year. The speaker was introduced by Charles K. Coleman, Combined of Chicago, president of the association.

The per diem cost of hospital care has increased about 300% in the last 20 years, Mr. Kutsch reported, and of that amount 70% is due to salary increases. In 1940 nurses were earning \$125 a month, in 1950, \$250 and in 1960, \$370. By 1970, they will be earning over \$500 a month, he predicts.

### One Operation, 18 People

Part of the increase has been caused by the growing complexity of medical treatments and techniques. Many operations today require as many as 18 people in the operating theater. The ratio of employees to patients has risen in the last 10 years from 1.2 to 2.6.

Mr. Kutsch mentioned that hospitals have traditionally been known as employers of sub-marginal personnel. Even today a hospital worker earns \$70, against \$90 earned by a laborer or desk worker performing work requiring similar skills. There are indications, however, that salary expenses must rise, because "hospital employees are the involuntary subsidizers of medical care," a position that they will no longer accept. In San Francisco and Milwaukee, for instance, hospital workers have unionized, and unionization means increased cost, Mr. Kutsch pointed out.

He stressed that of the \$23 per diem charged in most Chicago hospitals, only \$6.90 is for room and board. The rest is related to special care and services—those, in fact, which involve hospital employees.

### Hospital Stays Influenced

Mr. Kutsch said that modern medical practices have influenced the length of stay in hospitals, and any assessment of costs should take this into account. The average length of stay today is 8.2 days. This compares with 11 days in 1950 and 12.5 days in 1940. An appendectomy, which in 1940 necessitated a stay of 21 days, now only requires three.

Mr. Kutsch described health insurance as having a highly dynamic growth potential. This potential, he

suggested, can be used to combat the increasing cost of hospital care. He made the following recommendations:

—The emphasis in insuring health care should be on service indemnity rather than on a per diem benefit allowance. He wondered how far a per diem allowance of \$10 a day can be stretched to cover a cost of \$23 a day.

—The patient's portion of hospital costs should be further reduced. Other—

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## McHugh Departure Will Have Effect On Senate Insurance Investigation

Departure of Donald P. McHugh from his position as chief counsel and staff director of the anti-trust and monopoly subcommittee of the Senate judiciary committee to join State Farm Mutual Auto as vice-president (legal), will have a definite effect on the immediate future insurance activities of the sub-committee. Mr. McHugh has been guiding the hearings. He did the spadework and prepared the line of questions for Sen. O'Mahoney of Wyoming and later for Sen. Kefauver. He was slated to do the same for Sen. Dodd.

What course the subcommittee will take naturally depends largely on who is chosen as Mr. McHugh's successor. But whoever it is, some time will have to be allowed for orientation. The new man may not be eager to go into the fields Mr. McHugh had mapped out. Alien insurers and the regulation of them, and bonding insurance were next on the agenda. There certainly will be a delay in the planned schedule.

Mr. McHugh will begin his duties with State Farm Oct. 30. He is a cum laude graduate of Bucknell University and he received his LL.B. from Georgetown University. He began his government career in 1943 in the foreign funds control division of the Treasury Department. The following year he entered the anti-trust division of the Department of Justice as assistant chief of the trial section and as special assistant to the attorney general. He remained in the post until 1953 when he entered private law practice in Washington. In 1955, Mr. McHugh began advisory work for the anti-trust and monopoly subcommittee and the following year became chief counsel and staff director.

## Retiring Manager Feted By Jefferson Standard

More than 100 business and civic leaders of San Antonio attended a banquet honoring O. P. Schnabel on his retirement after 42 years as manager there for Jefferson Standard Life. Howard Holderness, president of the company, was master of ceremonies.

Marion Findlay, manager at Austin for Jefferson Standard Life, brought greetings to Mr. Schnabel from other Texas agency managers of the company. Others paying tribute to the retiring agent included Mrs. Preston H. Dial, president Council of International Relations; R. L. McMillon, Abilene, president National Assn. of Life Underwriters; G. G. Snow, senior member of the San Antonio agency; and Patrick Fogarty, who will succeed Mr. Schnabel.

## Guardian Life Will Increase Dividends On Funds In 1962

NEW YORK—Guardian Life is increasing interest rates on policyholder and beneficiary funds to 4%. This is higher than the rate currently paid by any major company subject to the investment restrictions of the New York insurance law.

The 4% rate will be credited to all dividend accumulation accounts for the preceding year on the 1962 policy anniversary. On proceeds left with the company to provide a monthly income, other than a life income, the interest rate credited will be increased to 4% from 3.5% on the contract anniversary in 1962. For proceeds providing a life income, the company is adopting special schedules based on its current rates for single premium annuities.

For discounting premiums paid in advance the interest rate of 4% a year, adopted in 1959, will be continued. On pension trust and auxiliary funds, the interest rate credited for the calendar year 1962 will be 4.25%. President John L. Cameron said the company expects its net return at the year-end, after deducting investment expenses but before federal income taxes, to be about 4.4%, the highest average rate Guardian has earned on its portfolio in almost 30 years.

## San Antonio GAMC Has Busy October Session

San Antonio chapter of General Agents & Managers Conference at its October meeting heard Earl D. Twyman, Aetna Life, describe the course of study provided by LIAMA. O. P. Schnabel, retired manager of Jefferson National Life, was presented with an attache case and an honorary life membership in the association by M. M. Herbert, Texas Life, president of GAMC.

Roland M. Aycock, Southland Life, addressed the meeting on developing men in rural areas. He said that "success and happiness depend upon the attitude of the life underwriter and that to succeed he must like the area in which he works."

## Sun Life Of Canada Has \$10 Billion Life In Force

Sun Life of Canada has passed \$10 billion in life insurance in force. It took the company 81 years to reach the \$5 billion mark, and nine years to reach \$10 billion. Assets now exceed \$2.5 billion.

## Levering Cartwright INSURANCE STOCKS

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## Sees Growing Public Resistance To Agents' Commission Scales

By JUD HIGGINS

NEW YORK—The life insurance business may expect to see growing buyer resistance to agents' commissions, and the only defense against this trend is to prove to the public the genuine usefulness of the agent's services.

This was a prediction of Herbert C. Graebner, dean of the CLU Institute, in a talk at the fall meeting of New York Area Training Directors Assn. Other speakers were Marion I. Gilmore, an agent with the Cammack agency of John Hancock at Albany and chairman of Women Leaders Round Table, Berenice E. Connor, associate editor of Ladies Home Journal, Leslie A. Leonard, dean of the School of Insurance, Walter Mahlstedt, vice-president Teachers Insurance & Annuity Association, and Philip N. Lawton, senior consultant of LIAMA.

"We have heard of more than passive resistance to having property insurance agents receive commissions without performing recognized services except for sending renewal invoices," Mr. Graebner said. "The growth of discount houses, self-service operations and do-it-yourself kits are indications of consumer resistance to paying for something they do not need or do not want or do not get."

### Usefulness Is Survival Key

The quarrel against group insurance, social security and direct writers cannot then be conducted from the point of view that these developments are destroying the agency system, Mr. Graebner said.

"Such argument becomes hollow and vacuous. Rather, it seems to me, that the agency system must perform a service for the buyer if the agency system is to survive. If such service has as its goal the proper prescribing

of life and health insurance to meet the long term financial needs of the client, and if this prescription is the result of careful and complete diagnosis, the life and health insurance underwriter need never fear that his services will not be recognized as economically productive, socially accepted and morally right."

Mr. Graebner went on to say that the need for the services of the life agent have increased, not decreased in recent years. The buyer of life insurance have increased, not decreased, insurance is today more knowledgeable and sophisticated, more dependent upon a continuing flow of dollars and more needful of assistance in planning financial security. He is less interested in paying to have someone practice the art of persuasion on him, preferring to pay for the skills and knowledge required for proper prescribing on a professional and highly ethical basis.

### Insurance Share Decreasing

In spite of the growth of insurance in force, the average amount of coverage per family, when compared to the human life value, has actually been decreasing. And the proportion of the income after taxes of the American family spent on life insurance has fallen from 6.3% in 1935 to 3.77% in 1960. And the huge amount of life insurance on the books becomes inadequate when it is spread among those who are in need of it.

Mr. Graebner's recommendations to the industry were as follows:

—There should be a careful study of the requirements for organizing life and health insurance companies in certain states to insure the financial strength and soundness of underwriters.

—A thorough effort could be made

practice should be formulated to cover all inter- and intra-company relations.

—A thorough effort should be made to professionalize life insurance selling.

"This might well require serious changes in recruiting policy, licensing procedures, the induction program, the compensation basis, the supervisory and motivational arrangements, and the system of continuous growth and development," Mr. Graebner suggested.

Mrs. Gilmore told the training directors that the agent who takes the trouble to learn the special language of women will find them excellent prospects for life insurance.

"On the whole, women tend to be oversold by agents. They become frightened that they are being told half truths, and they worry that their judgment will later prove to have been bad."

Women are good listeners to sales presentations, Mrs. Gilmore said, and once they have been sold they hold on to policies forever.

"If you return to one of your insured 10 years later she will be able to tell you where she keeps the policy, (CONTINUED ON PAGE 25)

## RECEIVES PLAQUE



Willis Parker, Independent Life & Accident, Jacksonville, left, as legislative chairman of Florida Life Underwriters Assn., awards a plaque to Sen. Charles Johns of Starks for his efforts during the state's recent legislative sessions. Sen. Johns, who is chairman of the senate insurance committee, was largely responsible for the passage of vital, needed insurance bills.

one of the  
**best**  
and one of the  
**busiest**

Comparable year-to-date figures continue to show that Central Life's sales consistently run well ahead of the life insurance industry as a whole. There are several reasons why this is so—and Central Life agents agree that an important one is *true graduated premium* on all plans (except single premium). The quantity discount idea, first introduced in the United States by Central Life in 1955, is another example of the sales-minded leadership that's making "One of the Best" one of the busiest, too!

*Central Life*

ASSURANCE COMPANY, DES MOINES 6, IOWA  
Progressive and competitive, yes . . . but not

at the expense of financial security

ASSETS	\$180 Million
SURPLUS	\$15 Million
INSURANCE IN FORCE	\$650 Million



In preparation for the September "Safari" sales campaign at Bankers Life of Nebraska, James Lantz, sales vice-president gets ready for a giant poker game with an automatic card sorter and 40 decks of cards. Watching the shuffle are the four division superintendents (from left): William Hagen, southern; Patrick Lonergan, western; Stanley Purizer, central; and Frederick Wright, eastern. The poker game featured the mailing of cards to agents in exchange for case production, with poker hands being traded for prize points at the campaign's end. The campaign established the greatest production figure for a single month in the history of Bankers Life.

## Equitable Boosts Its Mortgage Limits \$2,000 For Fallout Shelters

A policy of extending loans up to \$2,000 more than usual limits on home mortgages to applicants who want to build fallout shelters has been instituted by Equitable Society.

Equitable, one of the largest home lenders in the country, has nearly \$1.8 billion in residential mortgages on its books.

President James F. Oates Jr., said

the action was being taken in support of current government efforts to assure adequate protection for the U. S. population in case of nuclear attack. He emphasized that the extra money will be available only to new applicants for Equitable mortgages or holders of existing Equitable mortgages.

The company will consider individual bomb shelters as part of the value of a dwelling if it conforms to minimum Office of Civil & Defense Mobilization requirements. The value allowed over normal limits will be the cost of the shelter or 10% of the

depreciated value of the improvements, whichever is less, up to \$2,000.

Equitable will make such loans only on single-family, owner-occupied homes.

The federal government already is offering financial assistance for family fallout shelters through FHA mortgages under the insured lending program, the home improvement program and urban renewal.

Consumers National Life of Evansville, Ind., has been licensed in California.

## Chicago Home Office Underwriters Hear Scoins At Oct. Meet

Despite competition from American Life Convention, over two-thirds of the membership of Chicago Home Office Life Underwriters Assn. swelled the October meeting to hear Dr. W. H. Scoins, chief medical director Lincoln National Life, describe the historical evolution of life underwriting. The speaker was introduced by James White, Illinois Mid-Continent Life, vice-president of the association.

Dr. Scoins spoke of the more complex rating problems that have evolved because of improvements in clinical methods, drug and clinical therapy, surgery, mortality studies, new fields of medicine and general public health. He especially stressed the difficulty of assigning debits to hypertense individuals and diabetics, categories where a large number of variables and unknowns are operating.

Next month's meeting, Nov. 9, will feature an analysis of electronic data processing as applied to underwriting, by William Stockton, executive manager of insurance for the midwestern region of IBM.

## Republic National Will Hold 16 Regional Meets

Republic National Life of Dallas is holding a series of sixteen regional meetings during October for branch office managers and representatives, general agents and brokers in Dallas, Chicago, Detroit, Washington, Tulsa, St. Louis, Portland, Ore., Los Angeles, Phoenix, El Paso, Oklahoma City, Duncan, Lubbock, San Antonio, Houston and Shreveport.

A feature of the meetings will be a talk on the sales philosophy of the "go company" by T. P. Beasley, chairman, chief executive officer and founder of Republic National Life. Edward R. Nadalin, assistant vice-president and director of brokerage, and Albert Peterson, William Mulvaney, Harold Bradford, John Hargis and Richard Dodson, regional superintendents of agencies, will participate in meetings in their areas.

H. R. Hunke, vice-president and agency director, will describe a program for the introduction of new plans and services which the company will soon make available to its field force.

## First Federated Life In New Stock Offer To Owners

First Federated Life of Baltimore is offering 10,000 shares of capital stock at \$35 per share to present stockholders at the rate of one new share for each two held. Unsubscribed shares will be bought by Eliasberg Bros. Inc., of Baltimore and by Abraham Krieger, chairman of First Federated.

Fine companies like TWA are using this unique Continental ring with a genuine inlaid Cloisonne medallion, for inaugural flights, remembrance gifts, etc. Your firm too can capitalize on this smart new ring featuring your own logo superbly hand-crafted in vivid colors of Cloisonne and gold, fired at 1500°. For information and prices write to Paul Bennett, Dept. NU-1, Melbourne Co., 4643 Wyandotte, Kansas City 12, Missouri.



Also available from stock in Fishing, Golf, St. Christopher, Chinese Proverb, Orchid, Bamboo motifs. Gift boxed, \$2.00 each, plus fed. tax. Order one for a sample. Money Back Guarantee.

**HERE'S  
ANOTHER REASON  
WHY  
AT KANSAS CITY LIFE  
THE AGENT  
IS  
KEY MAN**

Man cannot advance without education. At Kansas City Life the education of our agents is of prime importance. So it is that highly skilled teams from our field training division throughout the year set up training meetings at our general agencies. These two- or three-day sessions bring the latest information about the fascinating business of selling life insurance to both new and experienced agents. Armed with the information these sessions provide, the Kansas City Life agent finds himself better qualified to become a Key Man in his community.



**KANSAS CITY LIFE**  
INSURANCE COMPANY

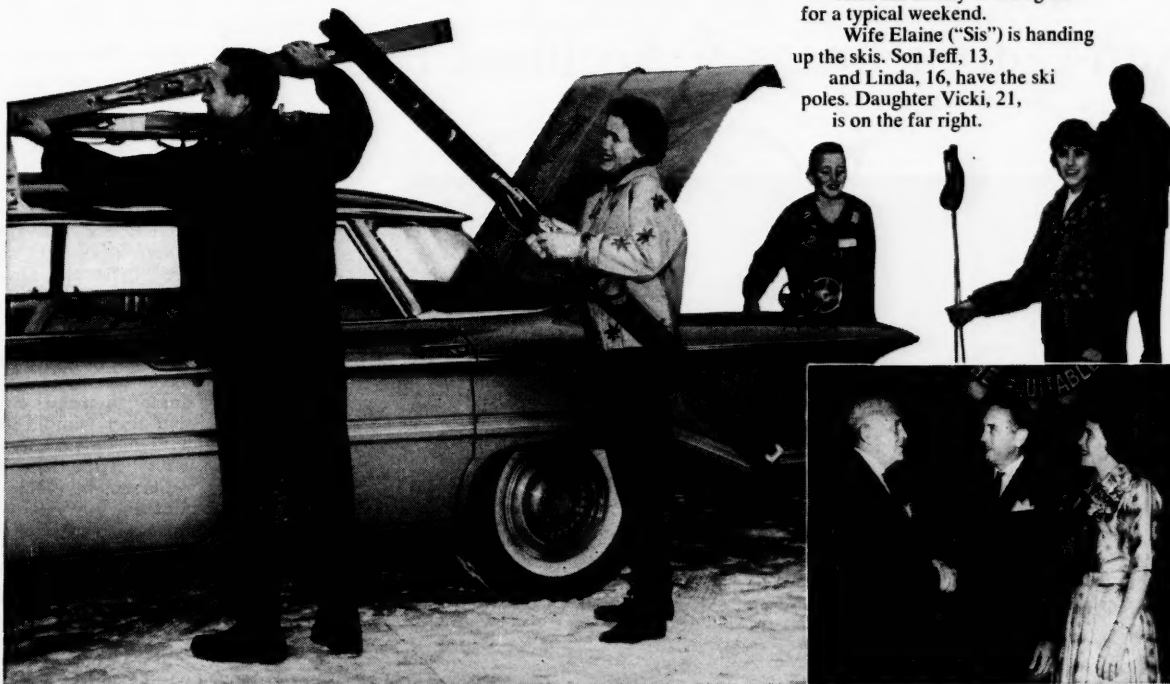
Home Office / Broadway at Armour / Kansas City, Missouri  
Represented in 41 States and the District of Columbia



## The Equitable Life of Bob Spooner in Appleton, Wisconsin

**Robert Spooner** of Milwaukee's Wandling Agency is a ski enthusiast. Here the family is taking off for a typical weekend.

Wife Elaine ("Sis") is handing up the skis. Son Jeff, 13, and Linda, 16, have the ski poles. Daughter Vicki, 21, is on the far right.



**Top Salesman:** Bob received the National Honor Agent Award for 1960—and congratulations from Agency Manager Lee Wandling. Bob used to be a highly successful District Manager, but switched to direct selling in 1952, and has produced over a million dollars in business annually ever since.



**Specializes** in personal estate and business insurance planning, but sells large and small policies with equal enthusiasm. Here his enthusiasm is shared by officials of The Menasha Wooden Ware Corporation—Mowry Smith, Jr., Dick Johnson, and Tad Shephard. The company recently installed a comprehensive group policy with Equitable.



**Community-minded:** As member of a fund-raising committee, shown here, Bob helped to build this \$2,500,000 hospital in Appleton. Has also served on many other boards—of the Y.M.C.A., for example, the Salvation Army, and the First Methodist Church.

**A man's prestige** somehow goes hand in hand with the prestige of the company he represents. This is why Bob is proud to be a life underwriter for Equitable.

It's a full life. And a rewarding one. **Living Insurance** is more than a need . . . it's a career!

### THE EQUITABLE

Life Assurance Society of the United States  
Home Office: New York, N.Y. ©1961



**Daily Reward:** After a hard day, Bob returns to his beautiful home on the Fox River. In summer, boating and picnicking are favorite family pastimes.

## How Does Replacer's Mind Work? Rationalization Is Hard To Upset

With the aim of providing a better insight into the mental processes of typical replacers, and hence aiding the fight against unwarranted replacements, Thomas G. Burgess, Phoenix Mutual Life, president of the Philadelphia Life Underwriters Assn., has prepared the following, in the form of a letter from a replacer to the editor of

The National Underwriter. In it Mr. Burgess endeavors to reflect the attitude of many replacement specialists that the Philadelphia association has investigated in its fight against replacements that are detrimental to the policyholder.

Dear Mr. Editor:

As a life insurance agent, I specialize

in selling what the client wants—life insurance that is in his best interest. It is simply unfortunate if what another agent sold him is replaced by a new contract which, in the client's opinion, better suits his situation today. Right here and now, I want to stress one point: I never recommend replacing a policy, nor will I permit a prospect to do so, unless he feels it is to his advantage and, after all, who is a better judge in this regard than the client himself? It is for this reason my clients will always sign a statement protecting my position and truly objective

service.

While you fellows are talking about whether the companies, agents and insurance departments are lacking in intestinal fortitude, I am out writing life insurance on another agent's unhappy client—possibly yours. Can I help it if these prospects want something new—such as trading in an old policy or releasing cash values to buy mutual fund shares? One prospect may suddenly recognize the advantage of renewable term versus decreasing term; another may conclude his needs do not decrease but remain constant, and thereby justify the reverse approach.

### Likens Bank Loan To Term

Isn't it also true that minimum deposit or bank loan insurance is no more than term insurance and, therefore, always in open season? Why blame me for twisting when a prospect after 10 years, can replace his old non-par ordinary life and have more protection for less premium money, or where a prospect wants twice the protection for the same premium dollar? There is no point in telling you about my whole operation, except to say that my clients have bought from me because of my objective service. Many have readily recognized how inadequate their prior program was and that they wanted to start from scratch with me even though they might take a loss. Remember, I never recommend replacement! More significant is the fact that my clients wonder why their former agents never pointed out all these economies.

As of this date, I am so confident of my operation that I do not bother the client for a signed letter until someone complains, and then I simply say, "I told you so." Incidentally, the companies I do business with always accept the client's word, so this is of no concern to me. Anyway, the companies and agencies want business, so I just fail to answer the replacement question, or omit listing the insurance that will be replaced—why worry the company when the prospect is happy? Let's face it, my companies have never asked any questions and I can only conclude that my course of action is not material to issue.

### Calls Department Helpless

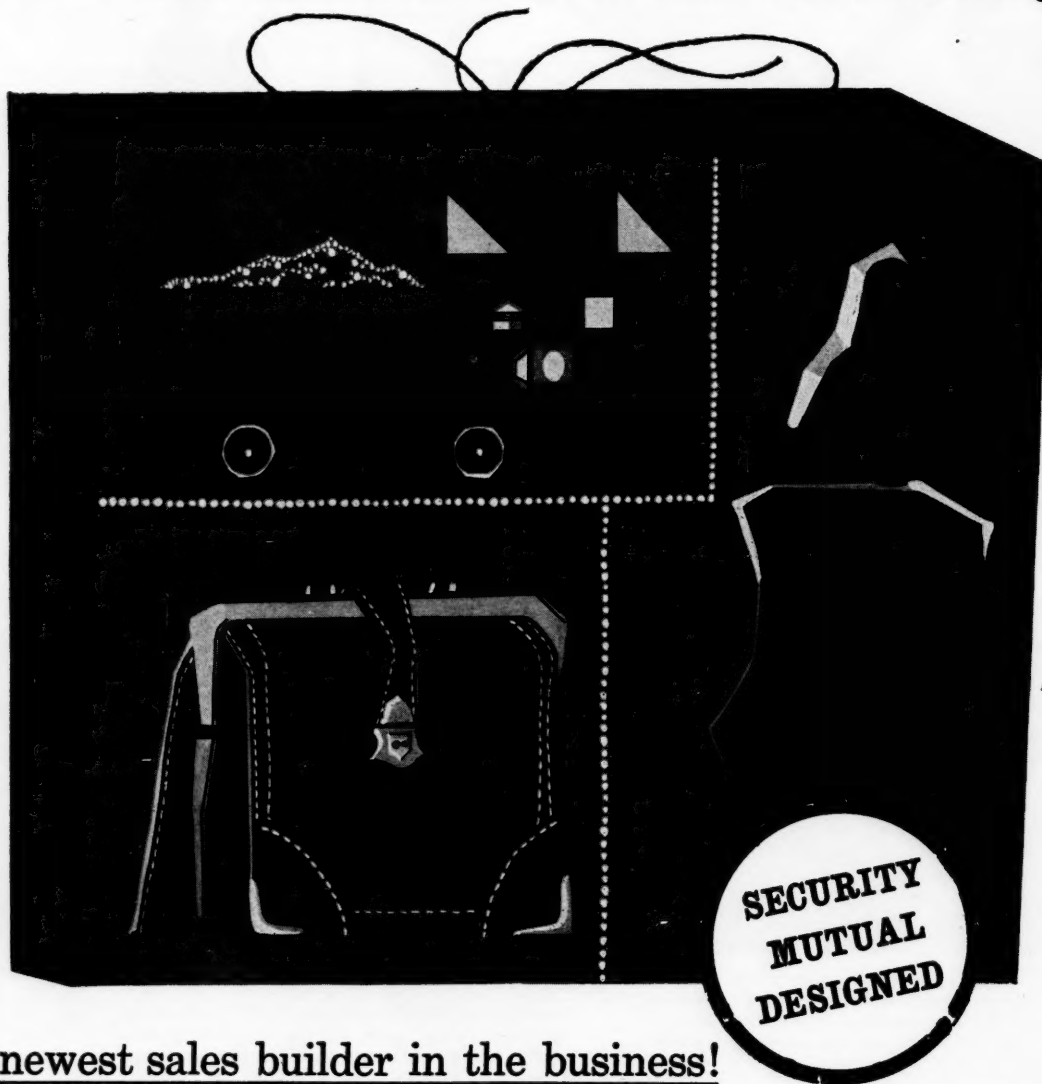
The state insurance department is helpless in so far as twisting is concerned without an injured party who is filing a complaint, and more important, I never make comparisons and carefully avoid misrepresentations. By the way, how many agents lost their licenses for twisting in your state last year? This being the case, why worry about laws or regulations controlling ethical sales practices?

Inasmuch as companies want my business and I operate within the law in respect to twisting, I am not concerned about replacement as long as it is in the client's best interest, as he sees it. Yes, I practice the Golden Rule too and, in my selling, it is my privilege to rationalize and my duty to offer what is best for my clients. Judging from the volume of business I sell, they must agree.

### Summit County Health Men Name Officers, Directors

Summit County (O.) Health Underwriters Assn. has elected John S. Thatch Jr., general agent Michigan Life, president, to succeed Florence Laing, who becomes chairman. William Crouse, Robert Young, and John M. Forrest have been named vice-presidents; Mary Bornstein secretary, and Gertrude Hoppe treasurer.

## Life & Non-Can Sickness & Accident Package!



...newest sales builder in the business!

NOW...a new "packaged series" of non-cancellable, guaranteed renewable income replacement policies SECURITY MUTUAL DESIGNED to sell to SMALL BUSINESSMEN, PARTNERSHIPS, KEYMEN, BUSINESS and PROFESSIONAL WOMEN, FARMERS! Take a good look at these business-building features: 1—WAIVER OF PREMIUM while your insured is totally disabled, even beyond his benefit period; 2—DIVIDENDS to reduce premiums, to accumulate at interest, or in cash; 3—OPTIONAL PARTIAL DISABILITY for S & A male risks; 4—NEW PROSPECT PROBABILITIES with coverage now extended to the vast female market of business and professional women, and also to farmers; 5—EASY-TO-READ, UNDERSTANDABLE FORMAT featuring a fill-in schedule that eliminates riders.

Five policies are featured in this new "packaged program": three S & A, two Accident-Only. Here you have the kind of income protection needed by today's small businessmen...partnerships...keymen...professional men...business and professional women...farmers! Here you have coverage and flexibility backed by the recognized quality and prestige of Security Mutual! Check on this most-sellable insurance package in years—then contact your Security Mutual man—he's a good man to know!

SECURITY MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

Richard E. Pille, President.

Robert M. Best, C.L.U.  
Vice President—Agencies.



*your security our mutual responsibility*

81 EXCHANGE STREET, BINGHAMTON, NEW YORK

## Chicago Employer Increase

A proposal on the ground plan of the City of Chicago, District of Columbia, attention last year in an act of Congress. The District of Columbia was selected as the last year policy.

## Under Attack

The article under attack agencies be insurance in sanitary district that he a broker in New York. Senator him of excharges as union bosses for the International Electrical Workers.

It is not selected on cle, since sustaining to destroyed, Harry Eaton was written but when the increase, let companies a posals for a posed a plan Benefit Life tees approved.

## Dorfman C

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At a mee 903 of Ame County and week, work former plan Blue Shield business rep

## Terms Incr

Carlo Me insurance Chief Attor district, rep was a "mo money Unit first year o board of tru last meetin retained, de cle said.

According insurer coll through Oct paid out \$1 cluded med and claims miums of \$14,800.

Director Dorfman's



## Chicago Sanitary District Employees Balk at 40% Increase in Group Plan

A proposed 40% hike in premiums on the group life and medical insurance plan on employees of Chicago Sanitary District sold through Allen M. Dorfman came in for considerable attention last week in the Chicago Tribune in an article by-lined by Thomas Carvlin. Dorfman, who operates the Dover insurance agency in Chicago, was selected by sanitary district officials last year as the broker on the policy.

### Under Attack

The article pointed out that he "is under attack by state and federal agencies because of teamsters union insurance irregularities." He got the sanitary district account "despite the fact that he once had been barred as a broker in Illinois, Michigan and New York. Senate investigators had accused him of exacting \$1,650,000 in excess charges as broker for the teamster union bossed by James R. Hoffa and for the International Brotherhood of Electrical Workers."

It is not known how Dorfman was selected on the account, said the article, since sanitary district records pertaining to the transaction have been destroyed, according to Chief Clerk Harry Eaton. Last year the business was written by Continental Assurance, but when the insurer proposed a rate increase, letters were sent out to some companies and agencies to submit proposals for a new plan. Dorfman proposed a plan underwritten by United Benefit Life, which the board of trustees approved.

### Dorfman Collects Premiums

The article went on to say that Dorfman collects the premiums with the aid of payroll deductions made by the sanitary district, which does not contribute to the plan. Dorfman receives his brokerage fee from total premiums collected and is expected to process all claims. Supposedly, no tax funds are involved in the plan, but it was learned that Eaton has put a senior bookkeeper to work on the insurance to see that workers' claims are handled promptly. Michael V. Spada, the bookkeeper, said he now spends 90% of his time on the insurance work and soon would be working at it full time.

At a meeting of the district's local 903 of American Federation of State, County and Municipal Employees last week, workers urged a return to the former plan offered by Blue Cross-Blue Shield, according to the union business representative.

### Terms Increase "Modest"

Carlo Merlo, to whom the study of insurance bids was referred to by Chief Attorney George A. Lane of the district, reported that the 40% increase was a "modest" one because of the money United Benefit Life lost on the first year of the plan. He advised the board of trustees in a letter read at its last meeting that the plan should be retained, despite the increase, the article said.

According to Spada's figures, the insurer collected \$187,897 in premiums through Oct. 13 from Oct. 31, 1960, and paid out \$178,065 in claims. This included medical premiums of \$162,155 and claims of \$163,265 and life premiums of \$25,741 against claims of \$14,800.

Director Joseph S. Gerber revoked Dorfman's state license in 1959 on the

ground that Dorfman withheld \$51,000 in teamsters union premiums for his own use. Circuit court in Chicago upheld the findings but said Director Gerber should have suspended him and that revoking his license was too severe. It was ordered restored and he got it back in 1960. Dorfman became the broker for the sanitary district shortly after the return of his broker's license. According to Gerber, William Clark, Illinois attorney general, is now preparing to appeal the circuit court ruling.

## B.M.A. Has 18% Life Sales Gain For Third Quarter

Business Men's Assurance had an 18% gain in new paid life for the third quarter of 1961 over the same period in 1960. This increase boosted the nine month comparative gain to 10%.

Insurance in force for the quarter was up 13% over 1960. For the nine months, it rose to \$127 million. Premium income for the nine months was 7% greater than for the same period in 1960. Investment income increased 8%. Total income was \$52,339,000,

against \$48,813,000 for the first nine months of 1960.

Payments to policyholders through September of this year have totaled \$26,305,000, as compared with \$23,646,000 during the same period in 1960. A breakdown of the 1961 payments shows \$20,735,000 in claims, with \$14,175,000 for health and \$5,990,000 for life. Disbursements on annuities, policy surrenders and dividends to policyholders were \$5,570,000 for the period, against \$4,484,000 in 1960.

Excluding a \$2 million stock dividend, other disbursements, mostly operating expenses and taxes, aggregated \$16,823,000, compared with \$15,673,000 in 1960. Total disbursements of \$43,128,000 in the first three-quarters rose from \$39,319,000 for the same period in 1960.

### Goes To 1958 Table

State National Life of St. Louis is the first Missouri company to come out with a new rate book and policies based on the 1958 mortality table. The company has recently been admitted to California, Illinois, Iowa, Ohio, Oklahoma, and Tennessee.

## New England Life College Subsidy Offering Children Of Employees Up To \$6,000

New England Life has initiated a new personnel policy whereby it will guarantee scholarships up to \$6,000 for a four-year college education for children of employees who qualify under the National Merit Scholarship program.

The scholarships will be offered on the basis of the students' actual need, as determined by National Merit Scholarship Corp. of Evanston, Ill. Payments could range between a token award to those whose parents are able to carry the full cost of a college education to as much as \$1,500 annually for four years.

Under the present rules a student could, for example, finish 801st in the competition but might find there were only 800 scholarships available. New England Life will guarantee financial aid to any child of an employee who meets the scholarship corporation's requirements. This applies to home office employees as well as to all members of the field force.

Ordinary production  
in September  
broke all past records  
for a single month.



THE  
NATIONAL LIFE  
AND ACCIDENT  
INSURANCE COMPANY  
HOME OFFICE - NASHVILLE, TENNESSEE

## How To Make Company Publication More Effective Told By Ad Man

The importance of company publications and ways of making them more effective in achieving management aims were discussed by Franklin F. Schaffer, vice-president of Doremus & Co., New York advertising agency, at a meeting of House Magazine Institute in New York. Mr. Schaffer has been active in the conduct of the Big I

Campaign of National Assn. of Insurance Agents and in the handling and direction of other insurance advertising and public relations efforts.

More than \$500 million is spent annually by American business and industry on company publications, he said. Yet many publications are much less effective than they could be. These

failures result not from the amount of money spent but in the way in which the money is spent. The chief reasons are failure to define purposes, failure in the use of personnel, and failure in understanding the public the publication seeks to reach.

### Makes Four Recommendations

Mr. Schaffer recommended four ways by which a company can increase the effectiveness of its publication—state clearly the objectives, improve the status of the editor, survey em-

(CONTINUED ON PAGE 26)

# MANAGERS ARE BORN ...AND MADE, TOO!



William A. Archbold, Minneapolis, right, counsels Claude M. Conley, Charlottesville, Va., and Gerald H. Pooler, Denton, Texas at a recent N/W National Home Office School.

## COUNSELING AT NWNL'S HOME OFFICE SCHOOL

**N/W NATIONAL**  
*Life Insurance for Living*

At Northwestern National Life we believe that proper counseling of the new man represents a significant part in his development. At our Home Office School we assign two to three new men to each of our Management Trainees. They act as counselors to these men throughout the School, analyzing each man's market, checking his progress, suggesting ways to improve his work habits and techniques. In this way, they learn to provide, when they later go into management, the continuing counsel which will be needed by both new and old men under their direction. We always have 12 to 18 men in our Management Training Program.



NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY • MINNEAPOLIS, MINNESOTA

## Gravengaard Addresses Cincinnati Agents On Business Insurance

H. P. Gravengaard, vice-president of the National Underwriter Co., and executive editor of its D.L.B. department, spoke to an overflow crowd at a luncheon meeting of Cincinnati Assn. of Life Underwriters last week in the ballroom of the Hotel Sinton and received a standing ovation at the end of his talk.

Mr. Gravengaard, author of the Gravengaard Business Insurance book, spoke on the subject, "Ideas That Sell Business Life Insurance," and gave the following reasons for a sale-and-purchase agreement funded by life insurance: So the survivor may own the business; so the heirs will get full value of deceased's interest in cash; to avoid administration under state laws—which makes purchase by survivor well-nigh impossible; to provide a guaranteed market; to establish a price for federal estate tax purposes; to provide the purchase price in cash when needed; to preserve the business; and to protect the firm against the hazards of business.

Mr. Gravengaard also discussed key man insurance, giving several very compelling testimonials to the effect that "profits are made by men and not by machines." He also gave a number of very effective approaches, and emphasized that selling to close corporations, where the major stockholder and key man are the same, is probably the easiest, most productive approach today.

### Election Of Fraternal Officers Not Mandatory

In the Sept. 30 issue, in reporting of the triennial convention of Catholic Knights of Wisconsin, it was erroneously stated that a resolution was passed at the convention in favor of Gov. Manson's (Wisconsin) bill making it mandatory for fraternal societies to elect their officers instead of appointing them. The news release from Catholic Knights referred to directors—not officers. According to the release: "...the convention unanimously passed a resolution in favor of his [the governor's] bill No. 483A making it mandatory for fraternal societies to elect their directors instead of appointing them, and limiting the term of office to a four year period."

### Albert Whitehall Joining Internal Medicine Group

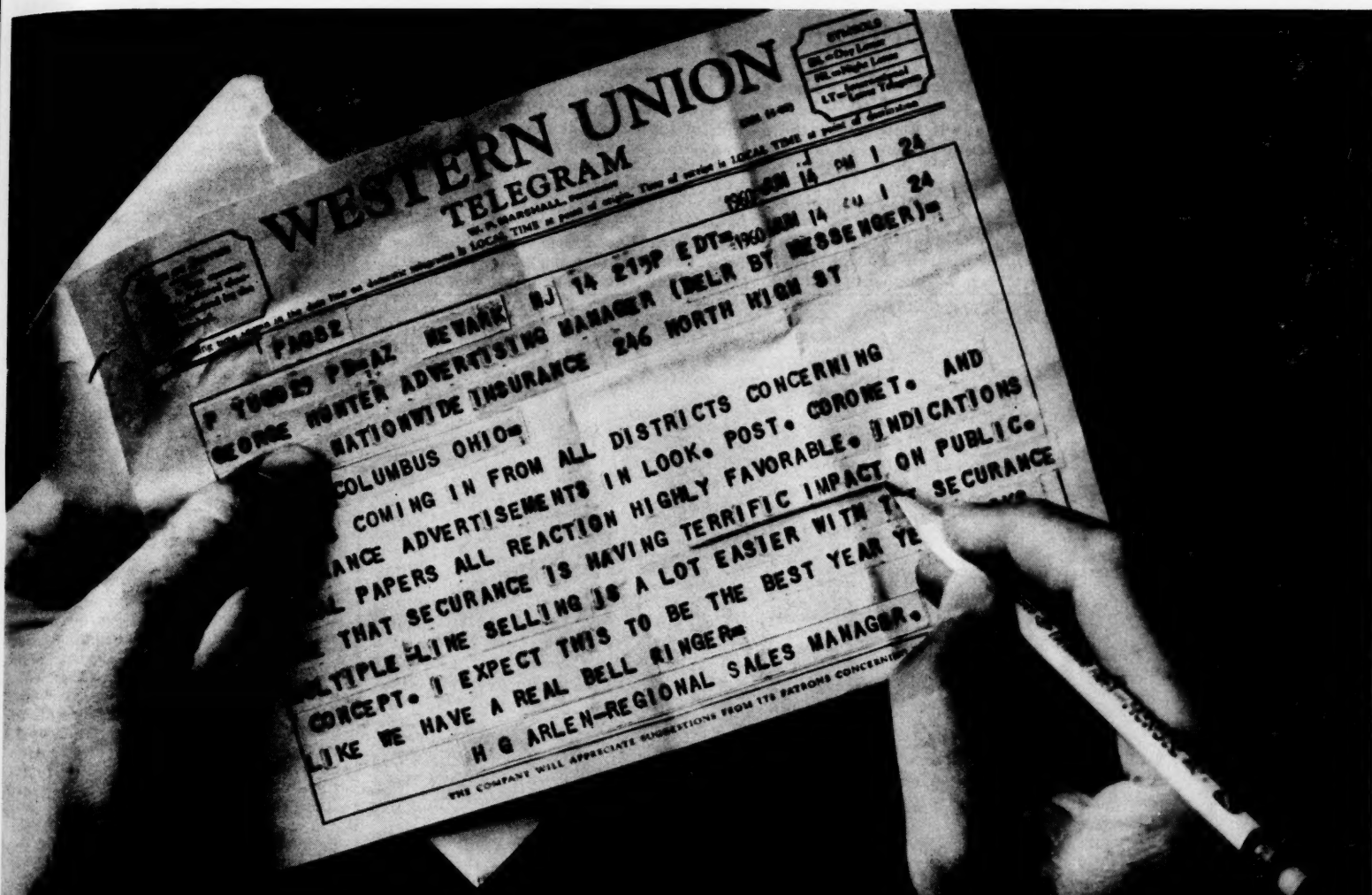
Albert V. Whitehall, for the past five years director of health insurance of Life Insurance Assn. of America and a vice-chairman of Health Insurance Council, will resign to become executive director of American Society of Internal Medicine with headquarters at San Francisco, Nov. 1.

### Portland Group Men Elect

Portland (Ore.) Group Insurance Men's Assn. has elected Wallace Johnson, Aetna Life, president; David Castro, United Pacific Life, vice-president, and Dale Baker, Bankers Life of Iowa, treasurer.

United Fidelity Life had a new monthly production record in September of \$8,777,197. The monthly average for the preceding eight months was \$5,976,764.00. The new record represents a production increase of approximately 30%.





## SELL SECURANCE!

—it's one of the biggest, one of the most original ideas to hit the insurance business in the last 50 years!

No wonder management expects that SECURANCE will be that perfect "something extra" to help put across Nationwide's dynamic expansion program. There's room for you on the SECURANCE bandwagon. Look into a sales career with Nationwide. Remember, only Nationwide puts SECURANCE in your sales portfolio—129 different kinds of insurance, plus financing assistance for home and car purchases...and the opportunity to sell a mutual fund investment program. Join the confident sales staff of America's most progressive insurance organization. Write DEAN W. JEFFERS,

VICE PRESIDENT—SALES, NATIONWIDE, COLUMBUS 16, OHIO



Nationwide Mutual Ins. Co.  
 Nationwide Mutual Fire Ins. Co.  
 Nationwide Life Ins. Co.  
 Home Office: Columbus, Ohio

## Seven Problems Affecting Public, Insurers, Hospitals Are Analyzed

Seven specific developments and problems affecting the insurers, the hospitals and the public were analyzed in the course of the talk that Donald D. Cody, 2nd vice-president and group actuary of New York Life, gave at the hospital and health insurance conference conducted at Norfolk by the Virginia Hospital Assn. and Health Insur-

ance Council. Following is the portion of Mr. Cody's talk covering these seven points.

By DONALD D. CODY

1. Efficient planning of hospital facilities: In some sections of the country, such as Southern California, Chi-

cago, and soon in New York State, regional councils help plan hospital construction and specialization to assure availability of beds in proportion to needs so as to avoid both abundance and shortage. Abundance means higher costs because it results from unnecessary spending and also because it leads to overutilization. Shortage of beds implies substandard medical care.

2. Standard hospital accounting: One of the problems faced by insurance carriers is the lack of objectivity in determination of charges by some hospitals. This arises partially from abuses

in setting charges for insured patients by some hospitals and partially from lack of standard cost accounting systems. If hospitals would establish charges in accordance with objective modern cost accounting systems, insurance companies could in turn develop more efficient benefit designs and establish premium pricing with more assurance.

### Review Committees Established

3. Utilization and review committees: In some areas, hospitals have established review committees which watch for excessively long confinements, unnecessary confinements, unnecessary operations, and other types of unnecessary utilization or abuse. Such committees can encourage doctors to utilize hospitals more efficiently and thereby reduce hospital charges and hospitalization insurance premiums below the level which would otherwise develop.

4. Progressive patient care, skilled nursing home, and home care: The insurance business has been observing with great interest experiments in some hospitals with progressive patient care involving intensive care areas with continuous nursing service and special facilities for post-operative and seriously ill patients, routine care areas for less seriously ill patients, and ambulatory areas for convalescent patients. After-care programs, involving skilled nursing homes and organized home care, also improve efficiency of medical care. We can fit our benefit designs to such arrangements but naturally look to most objective cost accounting of charges.

5. Loss control by insurance companies: Some insurance companies, including New York Life, have introduced a system of control which we call loss control engineering. This involves first a statistical study of claims on a particular group case to observe deviations from norm, such as excessive short term hospitalizations, excessive respiratory confinements, unusual number of tonsillectomies or hysterectomies. Then a team of claims people visit with the policyholder's personnel manager, hospital administrators and doctors separately and if possible together to discuss utilization of facilities, levels of fees, etc. Frequently, such meetings clear up misunderstandings about insurance and correct unnecessary utilization and fee abuses.

### Problem Of Overinsurance

6. Duplication of insurance benefits and overinsurance: Insurance is properly used only to protect against loss. When profit develops because of overinsurance through duplication of benefits, unnecessary utilization and excessive fees are likely to develop. Such duplication results usually from husbands and wives each having group hospital insurance at their place of work and either covering the other as a dependent. Sometimes, duplication is deliberate through purchase of multiple individual policies. Considerable profit can result in such circumstances to the insured individual. Such duplication leads to poor relations with the medical profession and to unnecessary increases in general premium levels.

Much work is being done in insurance circles to develop policy clauses acceptable to state supervising officials which will prevent such overinsurance. This has already been done in the major medical area. For such policy clauses to be workable, it is necessary to establish the existence of duplication. The standard HAP-4 hospital claims form will have a section to enable hospitals to report submission



TO  
OUR 29  
NEW C.L.U.'S:  
CONGRATULATIONS  
ON A JOB WELL DONE

We're impressed. It's a good feeling to know that our organization contains so many men who are willing to invest the time and hard work that it takes to become a Chartered Life Underwriter. The 29 new key holders bring our total over the 300 mark, representing 18% of our field force nationwide. We can think of no statistic of which we are more proud.

## NEW ENGLAND LIFE

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY. FOUNDER OF MUTUAL LIFE INSURANCE IN AMERICA IN 1855. ALL FORMS OF INDIVIDUAL AND GROUP LIFE INSURANCE, ANNUITIES AND PENSIONS, GROUP HEALTH COVERAGES.

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of multiple claims. It is in the interest of all for hospital clerks to supply this information.

7. Medical specialties: For many years the classical form of group hospital expense insurance, under the allowance for special hospital charges, has provided benefits against charges by physician or professional anesthetists for cost and administration of anesthetics. Under this same clause charges by the hospital for use of pathology, laboratory and radiological equipment has also been provided for but there is a specific exception to payment of professional charges as such.

#### Specific Coverage Available

On the other hand, there is available another specific coverage against charges by professional pathologists and professional radiologists for diagnostic services. Recently some companies, including New York Life, have introduced a provision for coverage of charges by radiologists for radiotherapy and to a limited extent most companies have provided for radiotherapy treatment in lieu of surgery under their surgical insurance clauses.

Under the modern comprehensive major medical coverage, benefits are of course uniformly provided for all types of medical care charges regardless of how or by whom billed. Under some forms of major medical policy the charges rendered by hospitals are subject to no deductibles and have full payment areas without coinsurance but these deductibles and coinsurance differences are relatively minor in any serious medical situation. The major medical policy was designed among other reasons to remove inconsistencies of coverage existing under the traditional basic medical care designs which are made up of blocks of coverage.

Because of the growing tendency of medical specialists like anesthesiologists, radiologists, and pathologists to submit bills directly to the patient as independent practitioners rather than hospital employees, insurance companies find themselves in the middle of a controversy between these medical specialists and the hospital. Our policies have reflected charging practices of former years and our major obligation is of course to the public which expects our contracts to cover recognized hospital charges.

#### Must Charge Premiums

As I have already noted, we have available specific coverages against charges by the medical specialists. Unfortunately such coverages are valuable and we have to charge premiums for them. Frequently the group policyholder does not see his way clear to include such coverages in his group contract. It is our feeling that it is the responsibility of the hospitals and the medical specialists to popularize new practices to the point where the public will buy appropriate coverages for them. We would like to adhere to our traditional attitude of not interfering in negotiations among various sectors of the medical profession.

#### Connecticut General In \$2 Million Loan To Helicopter Manufacturer

Connecticut General has loaned \$2 million to the Kaman Aircraft Corp. of Bloomfield, Conn. The company is a specialist in the manufacture of helicopters. It produced the first turbine powered helicopter in 1951 and now makes the Huskie, used by the air force in crash-rescue operations, and the Seasprite, used by the navy.

#### Consulting Actuaries Elect New Officers

Conference of Actuaries in Public Practice at the annual meeting in Chicago elected Frank E. Gerry, consulting actuary of Miles M. Dawson & Son, Springdale, Conn., president. He succeeds Harmon Taylor, consulting actuary Taylor & Taylor, Cedar Rapids, Ia., who has held the presidential post two years.

Other officers elected are Donald Campbell, consulting actuary, Chicago; Joseph Musher, actuary Latimer Industrial Relations Consultants, Wash-

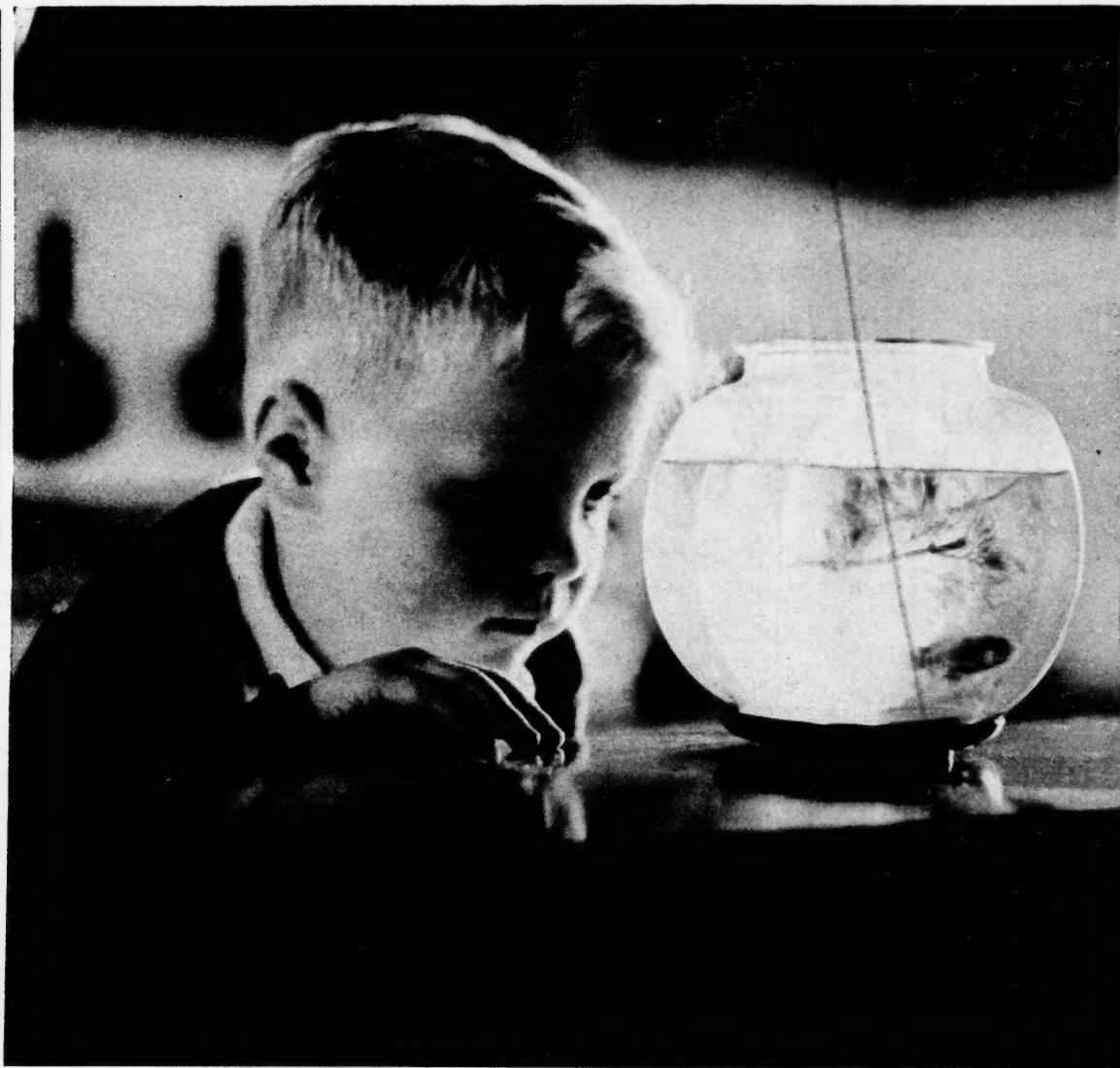
ington, D. C.; H. Raymond Strong, Strong & Associates, Dallas, and G. Frank Waites, Coates, Herfurth & England, San Francisco, all vice-presidents; R. E. Bruce, Harley N. Bruce & Associates, Chicago, secretary, and H. S. Tressel & Associates, Chicago, treasurer.

#### Hudek Transferred To Dallas

Arthur Stedry Hanson, employee benefit counselors with headquarters at Chicago, has transferred Paul R. Hudek as an adjuster from Chicago to Dallas. Mr. Hudek is a fellow of Society of Actuaries.

#### Guarantees Insurability Of Recalled Servicemen

Mutual of Omaha has established a special arrangement to guarantee insurability of policyholders who are recalled to active duty with the armed services. The plan provides for a full refund of unused premiums at the time of recall and a full reinstatement of insured's policy when he is released from active duty. No health examination, questionnaire or other proof of insurability will be required, and insured will not have to pay back dues or premiums.



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ASSURANCE COMPANY

## Faulkner Denounces 'Social Benefit Euphoria'

(CONTINUED FROM PAGE 2)

social security programs for America, Mr. Faulkner said. Representatives of both the profession and the business were among those who helped formulate the social security law in 1935 and have advised concerning its administration ever since.

### Seek Soundness

"We have not favored every proposal for the expansion of social se-

curity, just as the skilled physician knows that many medicines improperly administered in too large doses will kill rather than cure. We who seek soundness in social security recognize that the social security mechanism can be destroyed by irresponsible over-extension and by long continued misinterpretation. If our people are to be spared the ultimate disillusionment of a complete breakdown of the social benefit structure, we must find a re-

medy promptly for the euphoria that is now so widespread."

### Mortality Trends

Andrew C. Webster, vice-president for selection of Mutual of New York, in his paper presented at the meeting, discussed mortality trends in the life insurance business between 1940 and 1959. There has been a general improvement in mortality over the period and this improvement is not relatively

the same at all ages. It has been greatest at the upper ages, he said.

The generally improved mortality, applying as it does to policyholders at nearly all durations, suggests that while the selection process has been effective, there have been outside factors favorably affecting mortality. Some of these outside factors are undoubtedly the advances in medical science over the past 20 years. But there is some evidence that while there has been a marked decrease in deaths from such causes as tuberculosis and heart disease, the decline in the death rate from pneumonia has apparently been reversed. Mr. Webster pointed out that although there is a general improvement in the death rate, it is not reasonable to expect that there will be a major change in the rate. There is evidence that as one cause of death disappears, another rises to take its place.

### Other Papers

In other papers, Rene Dubos, member and professor of Rockefeller Institute, described the biology of infection in the modern world and Dr. Felix Wroblewski of the Sloan-Kettering Institute spoke on diagnostic dissection of enzymes. A reevaluation of the T-wave changes in the electrocardiograms of otherwise normal individuals was made by Dr. Charles E. Kiessling and Dr. Royal S. Schaaf, associate medical directors, and Annie M. Lyle, actuary, all of Prudential. Dr. George P. Robb, associate medical director, and Herbert H. Marks, statistician, both of Metropolitan Life, evaluated the postexercise electrocardiogram in the detection of coronary disease.

Dr. Howard Rusk, professor of New York University-Bellevue Medical Center and associate editor of the New York Times, described rehabilitation. Dr. Dickinson W. Richards of Columbia University covered the subject of chronic bronchitis and Dr. Emerson Day, director of the Strang Cancer Prevention Clinic, described the effect of early diagnosis on cancer prognosis.

### Skutt Tells A&H Men Of Their Importance

V. J. Skutt, president and chairman of Mutual of Omaha, told the October meeting of Nebraska Assn. of Health Insurance Underwriters that voluntary health insurance is the American way of life in action.

"The health insurance salesman today is a more important factor in the economy of our country than ever before," he said. "He is helping to provide a necessary product—coverages for financial loss from illness or injury for his fellow citizens of all ages—and thus relieve our federal government of any responsibility in this area during these critical days. The national government has enough problems to worry about without taking over the work of the thousands of representatives like you who have done so much to strengthen the economy of our country."

"Your efforts have brought about an increase of those Americans covered by health insurance from 12 million to 135 million in just 20 years. There are now over 1,300 health insurance organizations in our country."

Mr. Skutt charged the group with two responsibilities. Place as much coverage as possible in the hands of the public during these next few months, and "educate yourselves to the needs of the people in these changing times."



W. deV. Washburn

President, AMERICAN HEALTH INSURANCE CORPORATION

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Our only concern as health insurance specialists is to do the best possible job for our policyowners and agents in health insurance. More is involved than just policy provisions, rates and commissions. This we have known right along, of course.

As a company engaged from the start in this specialized underwriting in its own right, we have a sureness of effort and attitude of service in health insurance, and we enjoy and are grateful for our well-earned reputation for integrity. The secret ingredient of inner confidence helps each of our agents succeed, of course. He knows he will deliver the promises he makes to others, with a special kind of service.

Life and Health Insurance go together. We believe that if you are a life man interested in moving ahead in a sound, secure career you should take a good look at *American Health*—an insurer that specializes in this single type of coverage, with a very high growth potential for you. It will help you set your own standards.

Health insurance can harm you or help you in a life insurance career. As a result of specializing, we believe we understand the problems of this business in general, and those of the agent or general agent in particular. We believe we know just a little more about how you—a life agent—can better employ health insurance as a tool in your career accomplishment.

At *American Health* there is always room for carefully selected agents who intend to move ahead, and who have deserved, good reputations in their communities.

If these ideas make sense to you, we would be glad to tell you more. Why not check a little further into the American Health Story?

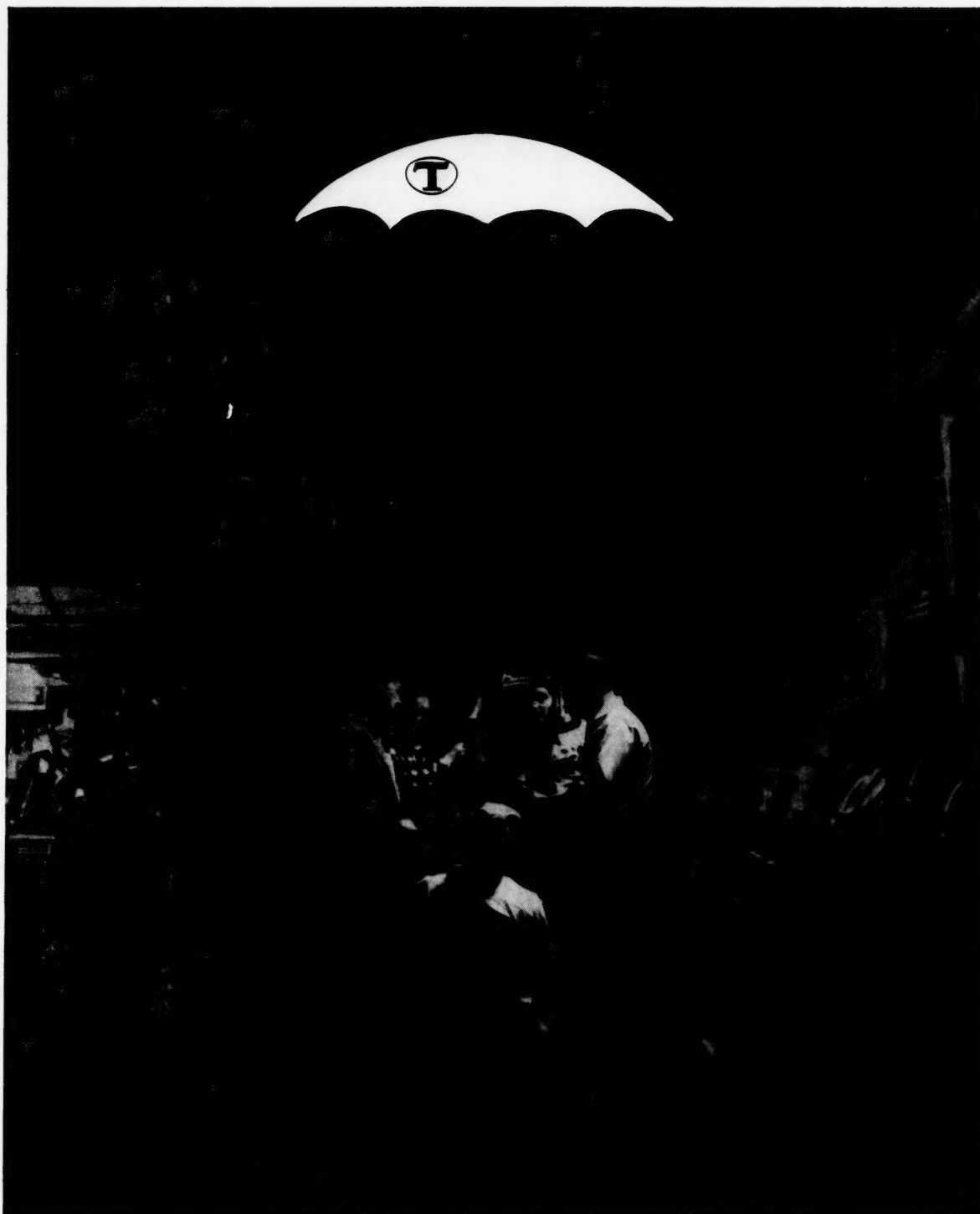
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## Advanced Underwriters Forum At Puerto Rico Slated For Jan. 7-12

The full list of session moderators for the second annual Leaders' Forum for Advanced Underwriters, to be held at the University of Puerto Rico, Rio Piedras, Jan. 7-12, under the co-sponsorship of the University of Illinois, has been set.

J. Welldon Currie, New England Life, Miami, will handle the session on "Attracting and Retaining Key Men

Through Life & Health Insurance—Non-Qualified Plans." Alfred J. Lewallen, Mutual Benefit Life, Miami, will moderate a session on "Protecting Business Assets and Income Through Life & Health Insurance."

Alfred S. Howes, Connecticut Mutual, New York city, will conduct a discussion on "Attracting and Retaining Key Men Through Pension and Profit-Sharing Plans—Qualified." A panel discussion, "Use of the Corporate Dollar for Life & Health Insurance," will be moderated by Arthur Priebe Sr., Penn Mutual, Rockford, Ill. Pa-

nelists will be Messrs. Lewallen, Currie, Howes, Charles T. Kingston, Union Mutual, Hartford, R. I. Mehr, University of Illinois, and Profs. Vazquez and Dias of the University of Puerto Rico.

Mr. Kingston will moderate "Life & Health Insurance in Estate Planning," and a panel discussion, "Uses of the Personal Dollar for Life & Health Insurance," will be moderated by Mr. Priebe, with Messrs. Currie, Lewallen, Howes, Kingston, Osler, Mehr, Vazquez, and Dias as panelists.

Two discussions, one on "Programming and Business Life & Health Insurance—an Integrated Approach," under Robert W. Osler, president Underwriters National of Indianapolis and one on time management: "Work Smarter—Not Harder," moderated by Mr. Priebe, will be held on the final day.

That afternoon will feature a presentation of "New Frontiers in Life Insurance Sales, Service, and Products," by Mr. Mehr, followed by a discussion under A. M. Quintero Ramos, University of Puerto Rico.

The banquet will have as speaker M. G. Parsons, University of Illinois, discussing "Thinking Creatively."

One of the features of the sessions is that all are conducted in forum style as contrasted to formal speeches, and encourage audience participation in the discussions. "Inasmuch as the 1961 'student body' was made up almost entirely of million-dollar or better producers and home office technicians, registrants often had as many ideas to contribute as did the session moderator," Mr. Mehr reports. Attendance at the forum is 99% mainland underwriters. Registrations are handled by the bureau of business management of University of Illinois at Urbana.

## Appealing Tenn. Decision On Vending Machine Sales

The Tennessee department is appealing a ruling by Chancellor Lentz that vending machines may be used in the sale of land travel accident insurance to bus, train, and automobile passengers.

L. Buchanan Loser, attorney for the department, said the appeal will seek to have upheld in the appeals court a decision several weeks ago by Commissioner John R. Long disapproving the use of vending machines. The ruling was based on an opinion from the attorney general's office and was made after Beneficial Standard Life asked permission to sell land travel policies by machine.

The court ruled in favor of the insurance company, which proposed to install machines in motels, hotels and bus stations.

New directors of Life Office Management Assn., taken at the annual convention at Washington: from left, Harry W. Kenney, vice-president and controller of Kansas City Life, Charles W. V. Meares, vice-president in charge of insurance operations of New York Life, and A. C. Vanselow, vice-president and comptroller of Franklin Life.



Outstanding service to the Dayton (O.) Assn. of Life Underwriters has earned the H. E. Whalen Sr. award for Emil A. Stammen, manager Monumental Life, right. Presenting the cup to him is H. E. Whalen Jr., general agent Northwestern Mutual Life, who established the award. Mr. Stammen is past president and director of the Dayton association and formerly LUTC chairman.

## Blue Cross-Blue Shield Format On Prepaid Dental Care Encouraged In Mich.

Michigan dentists are being encouraged to push their projected prepaid dental care plan along lines of Blue Cross-Blue Shield. At a recent conference of Michigan Dental Assn. at Michigan State University, a Pacific Coast union official and a U. S. Public Health Service dental officer recommended that Michigan Dental Service, already formed, expedite its program.

Dr. Quentin Smith, Washington, D.C. said 42% of persons interviewed in a recent nationwide poll favored such a plan and 38% said they would prefer such coverage as a wage contract fringe benefit to a flat salary increase. A Michigan survey of practicing dentists showed 92.8% favor the program.

Mrs. Goldie Krantz, San Francisco welfare fund secretary of International Longshoremen's and Warehousemen's Union, said a prepaid dental care program in three western states has won participation by most members of the profession and it is operated on a fixed fee schedule. She said persons covered under the service have free choice of dentists but that countrywide, however, union members have shown less interest in a dental program than in improving their status under medical care programs, largely because of the rising costs of the latter service.

Central Standard Life is reentering Hawaii and has appointed Central Underwriters of Honolulu as its general agency there.

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Mr. Fogarty  
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John C.  
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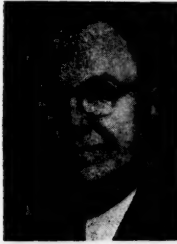
## Changes In The Field

### Jefferson Standard Life

Patrick J. Fogarty, a supervisor at San Antonio, has been named manager



Patrick J. Fogarty



O. P. Schnabel

there, succeeding O. P. Schnabel, who has relinquished his managerial duties. Mr. Fogarty joined the company in 1947.

John C. Williams has been made manager at Greenville, S.C., succeeding



John C. Williams



N. J. Runnion

ing N. J. Runnion, who has retired but will continue in personal production. Mr. Williams was district manager at Anderson, S.C., until becoming supervisor at Greenville this year.

### Mutual Of New York



Edward M. Lukens

Life Underwriters Assn.

### Great American Life

Reed G. Coston has been appointed regional field supervisor for western Pennsylvania and West Virginia, with headquarters at Pittsburgh. He was with Paul Revere as a supervisor at Pittsburgh.

### John Hancock



Walter E. Daniels

Walter E. Daniels Jr., assistant general agent at Memphis, Tenn., has been appointed general agent at Jackson, Miss. He joined the company in 1956 as a unit manager in Osceola, Ark. He is a graduate of LUTC.

William E. Adams, who has been at Philadelphia in employee benefit plan work, has been appointed manager at Peoria.

John L. Tuttle has been named as-

sociate general agent at Richmond, Va., where he had been division manager for Prudential. Before that he was an agency supervisor for John Hancock. He is chairman of the legislative committee of Virginia Assn. of Life Underwriters and past president of the Richmond association.

Named general agents at new gen-

eral agencies are H. Thayer Erringer at Eugene, Ore., Frank P. Jenkins at Tacoma, and C. Harris Pottier in the San Fernando Valley. Mr. Erringer and Mr. Jenkins have been unit managers at Portland, Ore., and Tacoma, respectively, and Mr. Pottier with a Canadian insurer in San Francisco.

### North American L.&C.

William E. Lafferty has been named manager of a new regional group office at San Francisco. His territorial responsibilities will include northern

California, Oregon, Washington, Utah, Idaho, Montana, Wyoming, Alaska, and northern Nevada.

### Nationwide Life

A. C. Turbeville has been transferred as regional manager from Charlotte, N. C., to manage a new group office at Atlanta.

### Occidental Of California

Roy N. Vinbladh and George K. Bigley, respectively assistant branch manager and assistant brokerage man-

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ager at San Diego, have been advanced to brokerage managers there. Mr. Vinbladh has been with Ohio National Life in Cincinnati. Mr. Bigley is past president of Imperial Valley Assn. of Life Underwriters.

Thomas J. Lally and Joseph F. Noonan have been raised from assistant brokerage managers to brokerage managers at Boston.

Raymond B. Scott has joined the company as brokerage manager at Omaha, where he had been an agent of Mutual Benefit Life of Newark. He

is a director of Omaha Assn. of A&H Underwriters.

Norman H. McDuffie has been named assistant manager at Columbus, O. He had been with Pacific Mutual, first at Los Angeles and most recently at Columbus.

James B. Kolter has been appointed brokerage manager at Chicago, where he has been with Connecticut Mutual, Marsh & McLennan and Prudential.

Philip Kenney has been appointed assistant brokerage manager at Minneapolis. He joined the company there

a year ago.

Martin Coyle has been promoted to assistant manager at Westchester, a suburb of Los Angeles.

#### Western Life, Helena

Paul A. Haas, state supervisor in Colorado, has been named superintendent of agencies there with headquarters at Denver.

#### Security Mutual Life, N.Y.

Charles J. Meldane has been appointed general agent in charge of a

new Cleveland agency. He entered the business there with Mutual Benefit Life and was later district manager at Erie, Pa. In 1958 he was made resident superintendent of agencies in Cleveland for Colonial Life.

#### Connecticut Mutual Life



Russell F. Mathews

Russell F. Mathews, assistant general agent at the Phoenix district office, has been appointed general agent there. He entered the business with Equitable Society in 1941 at Detroit and from 1948 to 1950 was a partner in William H. McCoy Co., a specialist

in pension and profit sharing plans. He is a CLU.

#### American General Life

George G. Gillmore

more, manager of the Gulf Coast branch at Houston, has been appointed manager at San Antonio. He joined the company in 1958 as an agent at Denver.

Ralph Keller, agent at Austin, Tex., has been promoted to manager there to succeed the late Ben P. Atkinson. He is president of Texas Leaders Round Table and vice-president of Austin Assn. of Life Underwriters.



George G. Gillmore

#### Protective Life

Ralph C. Reinecke has been appointed general agent at Dallas. He entered the business in 1938 with Alliance Life at Chicago, later becoming associate director of agency training for Republic National, and in 1951 was promoted to vice-president and associate director of agencies. In 1954 he was appointed executive vice-president of Southwest Republic Life, and in 1957 was named vice-president of United Founders Life of Oklahoma. In 1958 he was appointed agency director for Gibraltar Life. He is a CLU.



Ralph C. Reinecke

#### Jefferson National Life

Walter M. Taylor and L. B. Pratt have been named general agents at new agencies in Wycombe, Pa., and Jefferson City, Mo., respectively.

#### Lincoln National, Ft. Wayne

Calvin L. Rasey has been advanced from general agent at Youngstown, O., to manager at Columbus. Billy T. Cox, supervisor at Youngstown, suc-

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ceeds Mr. Rasey. Mr. Rasey Youngstown Mahoning Valley Underwriters.

South



Carl Waychoff



Louis W. Jinkins

advanced to



George H. DuBois

Oklahoma C. R. N. Hogston, has Oklahoma C.



R. N. Hogston

ny at Dallas manager at Earl H. Rouge, has San Antonio company in 195

East

William Rivkin have agents at Riback was Los Angeles general agent at Beverly mess with Angeles agent ther



ceeds Mr. Rasey.  
Mr. Rasey is a past president of Youngstown chapter of CLU and of Mahoning Valley Assn. of A&H Underwriters.

### Southland Life



Carl Waychoff

Carl Waychoff, manager at El Paso, has been named manager of a new office at Phoenix. Luther C. Shuffield, assistant manager at Amarillo, has been promoted to succeed Mr. Waychoff. Louis W. Jenkins, assistant manager at Fort Worth, has been



Louis W. Jenkins



Luther C. Shuffield

advanced to manager at Albuquerque.

### Travelers



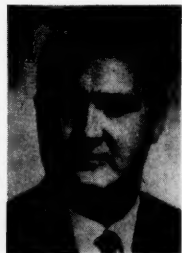
George H. Durbin

George H. Durbin has been appointed manager at Houston. He joined the company in 1952 there and was made assistant manager in 1954. The following year he was made an instructor in the training and special services division. In 1957 he went to Oklahoma City as manager.

R. N. Hogue, manager at San Antonio, has been made manager at Oklahoma City. He joined the company



R. N. Hogue



Earl H. Bell

at Dallas and was named assistant manager at Fort Worth in 1954.

Earl H. Bell, manager at Baton Rouge, has been made manager at San Antonio, Tex. He joined the company in 1956 at Dallas.

### Eastern Life Of N.Y.

William H. Riback and Robert N. Rivkin have been appointed general agents at Beverly Hills, Calif. Mr. Riback was a general lines broker in Los Angeles and before that a general agent for Bankers National Life at Beverly Hills. He entered the business with Beneficial Standard at Los Angeles and has also been general agent there for General American

Life. Mr. Rivkin has had a brokerage agency in Los Angeles.

### Prudential

Monrad Magnuson has been promoted to staff manager in the St. Paul North district office. He joined the company as a sales coordinator in the Minneapolis regional home office in 1956 and became an agent four years later.

### Republic National

Douglas Lawson has been named general agent at Springdale, Ark., and William Diggs general agent at Annapolis.

Ernest Gray Jr. has been named a general agent at Omaha. A CLU, he is a past president of Nebraska Life Agency Managers Assn., Omaha CLU chapter, Omaha Assn. of A&H Underwriters and Exchange Club of Omaha.

Named general agents are Bernard A. Soltys and C. Edward Tovey at Flint, Mich.; E. P. Coverdell and Jack C. Fairchild at Atlanta, and

Simons S. Lewis and Basil H. Callahan at Pendleton, S. C.

### Continental Assurance

Jack Dwight has been named manager of the new life brokerage department of S. Z. Goodstein & Co., general agents at Philadelphia. He had been brokerage manager in that city for Massachusetts Mutual Life, and before that was with Prudential there. Mr. Dwight is a CLU.

### Equitable Of Iowa

L. D. Bankson has been named district manager at Portland, Me., to succeed the late L. B. Farrar. Mr. Bankson had been staff manager for Prudential at Portland, where he started as a field representative of that company.

### Franklin Life

George A. Prader and Lawrence C. Kelley Jr. have been named general agents at Belleville, Ill., and Orange, Conn., respectively. Mr. Prader had been with Lincoln National Life, and Mr. Kelley had been assistant manager at New Haven for Metropolitan Life.

**UNITED AMERICAN LIFE**, Atlanta, has appointed A. W. Sprague executive director of sales for southern Florida, with headquarters at West Palm Beach, where he had been with Gulf Life.

Warner R. Enders has been named executive director of sales for northwestern Florida with headquarters at Fort Walton Beach, where he had been with Independent Life.

**LINCOLN LIBERTY LIFE** of Houston has appointed M. E. Garrett general agent at New Orleans to succeed Warren A. Nelson, who has resigned to join the training department of Pan-American Life there. Mr. Garrett had been an agent of National Life of Vermont at New Orleans.

**UNITED AMERICAN LIFE** of Denver has appointed G. L. Harger regional superintendent for northern California, Washington, Idaho and Oregon, with headquarters at Albany, Ore., where he has been a general agent of the company. He is a member of 1961 Million Dollar Round Table.

## HCA's magnificent new Convention Halls...



### In the Edgewater Beach Hotel, Chicago

... a sparkling new Ballroom seats up to 2200 in acoustically perfect, air-conditioned comfort. Or it can be divided into several smaller function rooms — each completely soundproof and fully equipped.



### In the Palm Beach Biltmore, Palm Beach

... a new Convention Hall seats up to 1000, with outstanding decor, air conditioning and everything needed to assure successful meetings and banquets. Five smaller function rooms, accommodating 60 to 600, are also available.

All HCA Hotels provide complete facilities for gatherings ranging from board meetings to national conventions.

## HOTEL CORPORATION OF AMERICA

A. M. SONNABEND, President



**METROPOLITAN HOTELS:** New York, The Plaza, Hotel Roosevelt ... Washington, D.C., The Mayflower ... Chicago, Edgewater Beach Hotel ... Boston, Hotel Kenmore ... New Orleans, The Royal Orleans ... San Juan, Puerto Rico, El Miramar Charterhouse ... Winnipeg, Canada, Charterhouse ... London, England, The Carlton Tower. **RESORT HOTELS:** Palm Beach, Florida, Palm Beach Biltmore ... Disneyland, California, Charterhouse ... Bermuda, The Carlton Beach ... Nassau, Balmoral Club ... Swampscott, Massachusetts, The Colony.

**SUBURBAN HOTELS:** CHARTERHOUSES in key cities from coast to coast.

## Editorial Comment

### Connecticut Mutual's Mental Health Film

We hope Connecticut Mutual's new mental health movie "You are Not Alone," gets before the widest possible audience. It is not necessary to be "some kind of a nut" to benefit from it—in fact anybody who is really in tough shape could hardly be helped perceptibly by this or any other film. But there's a lift as well as entertainment in it for the man or woman who is so harassed by the pressures and frustrations of living as to be getting permanently unhappy and just about impossible to get along with.

The tendency to bottle up these pressures, to tell nobody about them because of being unaware of their true source, is the basis of the picture's title and theme. Many people who are thus troubled may, by seeing "You Are Not Alone," regain their lost sense of proportion by realizing that things are tough everywhere. Others may find it the needed motivation to seek help from any of a number of sources.

It would be pleasant to believe that Connecticut Mutual will get so much advertising value out of the movie that the results in sales will more than offset the cost of the project, also that any improvement resulting in the mental health of the population will be reflected in better mortality for the company, along with other insurers. But both these results seem fairly unlikely and in any event impossible to verify. It is more realistic to view this as a matter of corporate good citizenship, of doing something for the public's benefit that in all probability wouldn't otherwise get done, at least so soon.

Not only is the sponsoring of "You Are Not Alone" a fine thing in itself, but it is also another significant step in breaking down the feeling that such a project should be undertaken by a corporation only if it is likely to return a profit. Often when a corporation's management wants to do something important that's in the public interest, it will go through some pretty far-fetched reasoning to try to justify the project on an expected-profit ba-

sis, when all the time the company only wants to do its share to contribute something to the public welfare, and hang the profits.

President Charles J. Zimmerman of Connecticut Mutual says in his epilogue to the film, "We believe that business must assume its share of responsibility for the problems of society." This seems like the right point of departure for the film and for other projects of other companies that want to discharge their part of this responsibility. They do it because they feel it's the right thing to do, not because it's profitable or expedient.—R.B.M.

## Personals

**William G. Fisher**, director of fraternal activities for Lutheran Brotherhood, has been appointed by Secretary of Agriculture Orville L. Freeman to study agricultural conditions in 11 European nations, including Poland, Russia and Bulgaria, on behalf of the Food for Peace program.

## Deaths

**REXFORD M. TRUESDALE**, 72, Pasadena general agent for Pacific Mutual Life from 1941 until his retirement in 1959, died at his home there. He entered the business in 1922 with Equitable Society in Sioux City and was transferred to Glendale, Cal., as manager in 1932.

**DONALD K. KISSINGER**, 65, district manager of Massachusetts Mutual Life at Decatur, Ill., for the past 34 years, died at St. Mary's Hospital of cancer after a long illness. At one time in his career he had been coach of the Monmouth (Ill.) College championship basketball team. He was a

CLU and a life member of the Million Dollar Round Table.

**WILLIAM H. JULIAN**, 87, director and retired vice-president and manager of the western territory of National Life & Accident, died at his home in Los Angeles after a long illness. Mr. Julian had been with the company for 39 years when he retired as vice-president in 1939, continuing with National thereafter as a director until his death.

**EARL R. TRANGMAR**, 71, 3rd vice-president of Metropolitan Life until his retirement last year and since then a consultant with the company, died at North Shore Hospital, Manhasset, N. Y., after a short illness. He suffered a cerebral hemorrhage Oct. 16 and did not regain consciousness before his death.

Mr. Trangmar had been a newspaper reporter, writer, editor and partner in an advertising agency before joining Metropolitan in 1930 as director of sales and marketing service in the group division. He served successively as director of advertising research, administrative assistant in field management and assistant vice-president before becoming 3rd vice-president in 1954. For many years up to the time of his retirement he was responsible for Metropolitan's sales promotion service.

Mr. Trangmar had an important pioneering role in the formation of Institute of Life Insurance. Among other things he produced for its board the document "Why an Institute?" He was also active in the formation of LIAMA out of its predecessor organizations, Life Agency Officers Assn. and Life Insurance Sales Research Bureau. He was also a member of the original committee that drafted the training course for agents now offered by Life Underwriter Training Council.

As consultant to the company committee charged with getting the American College out of its financial doldrums in 1935, Mr. Trangmar developed a plan that was instrumental in making possible the college's phenomenal development. Later on, in 1954, he enlisted the companies' cooperation in a concerted advertising campaign in the insurance press in behalf of the American College. Another of his ideas, in connection with the college's fee system, now is producing \$15,000 or more of annual revenue for the college. He served as chairman of the college's examination board, chairman of the New York State Advisory Board for Agents Life Examinations, consulting editor of the Life and Health Insurance Handbook,

a member of the special committee that supervised the preparation of the consumer education text in life insurance used in high schools, and participated in many other industry projects.

## Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle Street, Chicago, Oct. 24, 1960

	Bid	Ask
Aetna Life	142	145
American General	75	79
Beneficial Standard	44	46
Business Men's Assurance	85	87
Cal.-Western States	90	92
Commonwealth Life	53 1/2	55
Connecticut General	295	302
Continental Assurance	176	180
Franklin Life	124	128
Great Southern Life	116	120
Gulf Life	35 1/2	36 1/2
Jefferson Standard	89	91
Liberty National Life	91	94
Life & Casualty	30	32
Life of Virginia	112 1/2	115
Lincoln National Life	157	162
National L. & A.	201	206
North American, Ill.	24 1/2	25 1/2
Old Line Life	130	134
Republic National Life	81 1/4	84
Southland Life	163	168
Southwestern Life	118	122
Travelers	154	157
United, Ill.	60	62
U. S. Life	87	90
Washington National	62	64
Wisconsin National Life	49	52

### College Dean Is Added To Educational Advisers

**BRYN MAWR, PA.**—Ossian R. MacKenzie, dean of the College of Business Administration of Pennsylvania State University, has been appointed to the council of educational advisers of American College of Life Underwriters and American Institute for Property & Liability Underwriters.

The council functions as an educational advisory committee on matters relating to examination standards, relationship of undergraduate and graduate insurance curricula to the CLU and CPCU programs, as well as evaluation of educational objectives and allied subjects.

Dean MacKenzie has been consultant to the Department of State, head of the state and local tax department of Allied Chemical, and assistant dean of the Graduate School of Business at Columbia University. He has been a member of the Edison Electric Institute tax accounting committee, the Federal Tax Forum, president of the Middle Atlantic Assn. of Colleges of Business Administration and vice-president of the Council for Professional Education for Business. He is a member of the New York State bar.

### LAA '62 Meeting To Be At Washington, Sept. 12-14

The annual meeting of Life Insurance Advertisers Assn. next year will take place at the Mayflower Hotel in Washington, D. C. The dates are Sept. 12-14.

### Franklin's Sept. Sales Up 14.7%

Franklin Life had paid sales of \$92,395,000 in September, a 14.7% increase over the same month in 1960. Total for the year so far is nearly \$680 million.

## THE NATIONAL UNDERWRITER

The National Weekly Newspaper  
of Life and A&S Insurance



Published by  
The National Underwriter Co.

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### BUSINESS OFFICE

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Charles P. Woods, Sales Director

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## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Travelers and Aetna Life sharply reversed directions last week. After soaring to the high 170s Travelers had retreated swiftly to 148. Then last Thursday it turned up sharply and regained 8 points. AEL had dropped with equal ease from the high 150s to 134, and then on Thursday quickly recouped 10. This kind of action suggests that strong buyers are lurking below the surface for insurance stocks. Conn. General, which had described the same pattern but in far less mercurial style, also shared in the Thursday pickup. Lincoln National also was better.

Star performer was American National. This responded to rumors of an important development in its affairs and was accumulated insistently. At 19 it was up 2 points, but then it faded a little. Another good performer was Life and Casualty, which advanced 2 points during the week to 29½ bid. Commonwealth Life added 4 points and recovered all of its former 9 point selloff.

Northwestern National Life, following virtual acquisition of control by the J. C. Bradford syndicate, went on up to 180 bid, whilst Old Line Life (another Bradford item) became 130 bid. Responding to this emphasis on the northwest, Wisconsin National Life absorbed offerings and at 49 had added 3 points.

Reliance Insurance continued to push up. Its Standard Accident acquisition is making a splendid contribution to its underwriting record this year.

— || —

The fire-casualty list continued to show strength throughout.

The public is increasingly flirting with some of the newer and low-priced issues. They are trying to spot ultimate winners. This activity is especially pronounced in Illinois, where Illinois Mid-Continent Life, now headed by U.S. Life's John Weaver and newly staffed by other U.S. Life men, has gotten into the 13 range (its low was 4 earlier this year), and where Inland Life, with a blue ribbon board, has also reached the 13 level (it was offered at 5 in May). However, so far at least, interest is selective. Unless there is some special evidence of promise, the market for the stocks of the mine-run of "two-year olds" is listless. International Life of Buffalo, which is fishing in Security Mutual Life waters, is one such special situation which is strong in the market.

Combined Insurance, on the eve of an offering of 300,000 shares, gained strength and on Friday was 60 bid. There was a scramble to get stock on the offering. U.S. Life went on to new high ground after retracing its rapid descent from 87 to 71. Franklin Life also recovered all of its 15 point slump.

Republic National Life, at 78, was up 5 for the week. Great Southern Life, Southland and Southwestern were each plus 2 or 3, so all-in-all it was a good week for the Texans.

American Fidelity & Casualty went on up another two points to 29. Fidelity Capital Fund has added as a new investment 10,200 shares of Variable Annuity Life. One William Street Fund bought 7,000 shares of Business Men's Assurance, 2,000 Conn. General and 4,000 United Services Life.

Volunteer State Life is up about 25 points from recent levels to 105 bid on announcement of a proposed 20% stock dividend. Pacific Indemnity went up two points to 39½ bid on announcement of a proposed 10% stock dividend.

An error was made in the recent quotations on Southwest Indemnity & Life. The Sept. 29 figure of 11 is correct, but the Dec. 30, 1960 and May 31, 1961 quotations of 3% and 3 failed to take into account a 1 to 4 reverse split. Those figures should have been 14½ and 12, respectively.

## Six More Companies Added To LIA Ranks

NEW YORK—Life Insurance Assn. of America has added six companies to its membership. Each is listed below, with its assets and in-force figures as of Dec. 31, 1960.

Colonial Life of East Orange, N.J., \$94,499,852 and \$609,939,179.

Companion Life of New York City, \$8,674,080 and \$231,377,963.

Fidelity Life Association of Fulton, Ill., \$27,485,190 and \$192,290,176.

North Carolina Mutual Life of Durham, \$87,600,990 and \$277,186,658.

Southland Life of Dallas, \$250,667,885 and \$1,426,219,404.

Valley Forge Life of Reading, Pa. (membership effective Jan. 1, 1962), \$1,908,802 and \$67,371,404.

North Carolina Mutual Life is the first Negro company to be elected a member of LIA. A couple of weeks ago it became the first Negro company to be elected a member of American Life Convention, a development that gave rise to much favorable comment at the recent ALC annual meeting.

Indianapolis Life's field force during September recorded a 17% gain in sales over the same month of last year. The gain for the first three quarters of 1961 was 13.5% over the comparable period a year ago.

## Kutsch Speaks On Hospital Costs

(CONTINUED FROM PAGE 4)

wise he has been underinsured.

—There should be an increase in the assignment of benefits. Mr. Kutsch noted that many health insurers were tending toward more comprehensive benefits. He stressed the need for more major medical coverage in all levels of insurance.

In support of these recommendations, he pointed out that according to the most recent statistics, patients with Blue Cross coverage have 90% of their hospital bill paid, while those with a commercial coverage have only 65% paid. There is some indication that this spread is being narrowed, he admitted.

### Overselling Occurs

In some cases both commercial insurers and Blue Cross have erred in overselling the patient, Mr. Kutsch contended. Many hospitals have utilization committees to assure that a patient is admitted only on the basis of need, and that he does not overstay. There is a danger that an individual may go to the hospital simply because he has insurance. Another frequently recurring attitude is: Put Grandma in the hospital, we don't want to take care of her at home. Overselling may also result in dupli-

cation of coverage.

Mr. Kutsch suggested that perhaps the operating costs of voluntary health insurers could be reduced. These usually run about 18% for commercial companies, compared with about 4% for Blue Cross. The discrepancy would seem to indicate some unnecessary expense, he said.

Mr. Kutsch believes that Blue Cross and voluntary insurers have both shirked in the area of care for the aged. He asked why this insurance had not been written through already existing channels. It would behoove insurers to come forward with a comprehensive plan, he said, if for no other reason than to sell the insurance to the government, which would then make it available to those unable to pay for it. This procedure would leave the individual free to choose his hospital, insurer, and doctor. Government control of health care for the aged can only result in control of hospitals, Mr. Kutsch averred.

He closed with a plea to health insurers to cooperate in submitting such a proposal, and one that would adequately compensate for the rising cost of hospital salaries.

### Suggestions From The Floor

In the lively question and answer session which succeeded Mr. Kutsch's remarks, one member of his audience suggested that a program should be undertaken by hospitals to educate insured to the necessity of paying higher premiums for a more comprehensive coverage. Mr. Kutsch agreed, but said that such a program was the responsibility of doctors, rather than of hospitals or health insurers. In a sense, he said, all hospital cost is the result of orders written by doctors, and they are likely to be more aware of all factors influencing this cost. Further, the doctor has a "captive audience" in his patients. They are more likely to trust him and accept his recommendations about medical coverage.

### A Valid Comparison?

Another voice from the floor suggested that a comparison of Blue Cross with voluntary health insurance might not be valid. Health insurers are often writing an individual, tailored policy, and this is bound to cost more than non-commercial insurance, he pointed out. Voluntary group health insurance, similar to the coverage written by Blue Cross, is also similar in cost. "People don't walk in the door and buy insurance," the questioner said. The difference in operating cost may be accounted for by the need on the part of voluntary insurers to employ a sales force.

## Mutual Benefit Movie On Problems Of Retirement Wins Film Festival Award

A film sponsored by Mutual Benefit Life, "Preparation for the Later Years: Financial Planning," received the Chris award for excellence in the education and information category at the annual Columbus, O., Film Festival. The film was produced under a grant from Mutual Benefit for the National Committee on the Aging and National Assn. for Mental Health. It was made by Dynamic Films Inc.

American Life of New York has moved its administrative offices to 111 John Street. While the home office will remain at 100 Broadway with its parent organization, American Surety, all agency, underwriting and administrative functions will be conducted at the new location.

## LAA SURVEY SHOWS

## Companies Favor Idea Of Better Half At Sales Meetings

Wives of agents are encouraged to go to and participate in most company conventions according to a poll taken by Life Insurance Advertisers Assn. and released at the annual meeting in Dallas. A tabulation of 112 questionnaires was made and presented to the association by Francis O'Brien, vice-president and director of sales promotion of Franklin Life.

Only one of the group of advertising men answered that his company did not encourage attendance of the women, while 106 were for it. At 98 companies, special activities are planned for wives, only 8 answering that they do nothing along this line. Mr. O'Brien noted that most of the companies which indicated they planned special activities for wives modified this by saying "sometimes," "occasionally," "depends on the site," and so forth. Two indicated that special luncheons are held for wives; four companies indicated that wives held their own special business meeting.

In the matter of the participation of wives in business programs, 93 answers were affirmative, 17 were negative.

"The above figures may be a little misleading," Mr. O'Brien observed. "Many who indicated that the wives participated in the business meetings explained that actually they just attended business meetings which they were expected to do. Very few indicated that they participated in panels or skits."

Fifty of the companies at least occasionally used the women as speakers. Some of the 58 who said "no" said they were interested in the idea and might use it in the future, Mr. O'Brien noted. Only 11 companies encourage agents to bring their children along, and many of the 61 permitting children strongly discourage the idea. Children are not permitted by 37 of the companies.

Fifty companies pay the expenses of the wives and these usually indicated that the husbands must qualify for the little woman. Non-qualifiers' wives are sometimes permitted to attend if they are new to the company or at their own expense.

Are agency conventions justifiable in view of the cost involved? Only one of the group questioned thought they are not justified. Seven indicated that it was questionable and 101, yes.

## N. Y. Life Grants \$15,000 To Georgia State College For Insurance Research

In recognition of Georgia State College's contribution to the insurance industry in its program of education in life insurance, New York Life has made a \$15,000 grant to that institution to "further fundamental research in life insurance."

The college has an actuarial science program endorsed by the Southeastern Actuaries Club, and members of its faculty cooperate with industry study programs, such as those sponsored by CLU, LUTC, and Life Office Management Assn.

Georgia International Life's ordinary paid-for production in the first three quarters of 1961 was \$38,210,000, as compared to \$15,576,000 in the same period in 1960.

## Home Office Changes

### New York Life

James R. McDonnell and Charles S. Schnelle have been named 2nd vice-presidents and actuaries. Mr. McDonnell became an assistant actuary in 1949 and actuary in 1957. Mr. Schnelle was appointed actuary in 1957. He is secretary of the pension trust committee. Both are fellows of

Society of Actuaries.

James J. Connors, Charles W. Kraushaar Jr. and Harry A. Woodman Jr. have been made associate actuaries. All were appointed assistant actuaries in 1958 and fellows of the Society of Actuaries.

Arthur T. Guja, a staff assistant, has been promoted to assistant gen-

eral auditor. He is a member of New York State Society of CPA.

### National Fidelity Life

Michael Braude has been appointed field training assistant. He will coordinate the field training program and develop new training material. He was formerly a field training supervisor for Kansas City Life.

### Home Life Of New York

Cecil E. Loomis has been elected a director. He is vice-chairman of Co-

lumbia Gas System Inc. of New York. He has also been president and is a director of Columbia Hydrocarbon Corp., a subsidiary of Columbia Gas

### Jefferson Standard

Mrs. Joseph M. Bryan of Greensboro, N. C., has been elected a director to fill the vacancy caused by the death of C. W. Causey Sr., who had been on the board since 1920. Mrs. Bryan's husband is a director and a former senior vice-president of Jefferson Standard and is chairman and a member of the executive committee of Pilot Life. Mrs. Bryan's father was the late Julian Price, who served as president of Jefferson Standard for 27 years and then as chairman until his death in 1946.

### State Mutual Life

Norman D. Johnston has been appointed superintendent of agencies for the far west and an officer of the company. He was manager at San Francisco for Provident Mutual and before that he recruited college men for its agency development program.



Norman D. Johnston  
groom.

### United Life & Accident

Jean W. MacKenzie, agency department statistician, has been appointed administrative assistant in the agency department. She joined the company in 1957.

### Liberty National

Dr. Edward E. Brown Jr. has been named medical assistant. He was in private practice at Langdale, Ala., for 10 years.

**COLUMBIAN MUTUAL** of New York has appointed Mitchell M. Slutzker agency supervisor. He was staff manager at Binghamton, N. Y., for John Hancock.

## Conventions

Nov. 7-10, Life Insurance Agency Management Assn., annual, Edgewater Beach Hotel, Chicago.

Nov. 9-10, New York State Assn. of Life Underwriters, fall delegate meeting, Sheraton-Syracuse Inn, Syracuse.

Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.

Nov. 13-15, Society of Actuaries, annual, The Greenbrier, White Sulphur Springs, W. Va.

Dec. 4-8, National Assn. of Insurance Commissioners, regular meeting, Baker & Adolphus Hotels, Dallas.

Dec. 11-12, Assn. of Life Insurance Counsel, annual, Waldorf Astoria, New York City.

## A Service Guide

### ACS

#### Actuarial Computing Service, Inc.

"Specializing in Computer Applications for the Insurance Industry"

1389 PEACHTREE ST., N.E. ATLANTA 9, GEORGIA  
TR. 5-6727

#### CONFIDENTIAL NEGOTIATIONS FOR SALE OF INSURANCE COMPANIES

Ralph F. Colton  
30 N. LaSalle St. Chicago 2, Ill.  
F-7-a-c'al 6-9792



Confederation Life . . . serving insurance better through this factual advertising series.

## This man gambled he wouldn't live to 65

**He lost!** Many years ago he had a dream of financial independence at retirement time. And he did something positive to make his dream come true.

**The wrong road**—There were two roads he could take. He took the wrong one. He surrendered his permanent life insurance policies and bought term insurance. He was going to invest the difference in premiums and really make his money 'work for him'.

It wasn't important—then—that term insurance is finished at 65, just when the risk is becoming greatest. Besides, he could always convert it back. But, when the time came he couldn't afford the higher premiums.

**Making money 'work'**—What about his plan to make his money 'work for him'? It didn't quite turn out that way. For one thing, he didn't, consistently, invest all the difference. Some of it, sometimes, he spent.

And the market . . . How could he know the value of his investments would be down when he needed his money. You can't tell about the market. *You never can!*

He didn't lose everything, of course. But, he didn't make what he expected either. Had he kept his permanent life insurance he'd now be retired rather than still working at 67.

**The right road**—Permanent life insurance is one of the best investments you can make. Here are four reasons why:

- You get guaranteed returns—not uncertainty.
- Your retirement income is guaranteed—at any age you select.
- Your chances are three out of five you will live to 65 and need continuing protection.
- The loan value of your policy can protect other investments.

Besure you buy enough permanent life insurance . . . and keep it! How much is enough? Only you can decide, with the help of a man trained and experienced in family protection and retirement planning. The Man with the Plan is your Confederation Life representative. See him . . . soon!

Enough Life Insurance . . .

The Solid Foundation of Any Investment Plan

Confederation Life  
ASSOCIATION

HOME OFFICE: 321 Bloor St. E., Toronto

## Actuarial Program For Ann

(CONT)

Minneapolis

That after simultaneous insurance, national Life topics will insurance, term divid come, and Blackburn tual Life, s will includ ial soundr Electronic C. Davidso chairman; cedures, re the actuay the role ductions.

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## Actuaries' Society Program Is Ready For Annual Rally

(CONTINUED FROM PAGE 2)

Minneapolis.

That afternoon, there will be three simultaneous sessions: Individual life insurance, with Morton A. Laird, National Life of Vermont, as chairman; topics will include interest, financed insurance, double indemnity, one-year term dividend option, disability income, and cash values. Pensions, with Blackburn H. Hazelhurst, Pacific Mutual Life, serving as chairman; topics will include actuarial reports, actuarial soundness and small pensions. Electronic data processing, with John C. Davidson, Confederation Life, as chairman; topics will include new procedures, relationship of electronics to the actuary and Society of Actuaries, the role of the actuary, cost reductions.

The second morning will be devoted to a panel on the actuarial profession, with Reinhard A. Hohaus, Metropolitan Life, as chairman. Panelists will be Edward D. Brown Jr., Brown, Conrad, Richardson & Flott, consulting actuaries, Chicago, and secretary of conference of Actuaries in Public Practice, and William Leslie, Jr. of National Bureau, president Casualty Actuarial Society.

That afternoon, there will again be three simultaneous sessions: Individual health insurance, John C. Angle, Woodmen A.&L., chairman; topics will include individual and family major medical expense insurance, morbidity statistics, health benefits for persons 65 and over, underwriting problems. Group insurance, Joseph W. Moran, New York Life, chairman; topics will include persistency of group health insurance, major medical expense, underwriting and claims practices, group life insurance, professional association plans. Agency problems, Ernest J. Moorhead, New England Life, chairman; topics will cover agency expenses, Section 213, financing plans for new agents, policy replacements.

There will be a general session the morning of the third day, during which a number of reports on matters of current interest to actuaries will be given.

The final session that afternoon will consist of a panel on the outlook for medical progress in this decade, a discussion on the probable effects of medical advances on longevity. Chairman will be Dr. Norvin C. Kiefer, chief medical director Equitable Society. Panelists will be Dr. Frank L. Horsfall Jr., president and director Sloane-Kettering Institute for Cancer Research, speaking on progress in cancer, and Dr. William J. Jeffers, executive director Life Insurance Medical Research Fund, who will discuss progress in cardio-vascular diseases.

## Chicago Group Assn. To Hear Bornemeier

Dr. Walter C. Bornemeier, presiding officer of the house of delegates of Illinois Medical Society, will be the speaker at the Nov. 13 luncheon meeting of Chicago Group Insurance Assn. He will discuss the development, pros and cons and doctor acceptance of relative value and other fee schedules.

Emmet D. Horan, San Francisco brokerage manager for Phoenix Mutual Life, has been named to the executive committee of California Assn. of Life Underwriters.

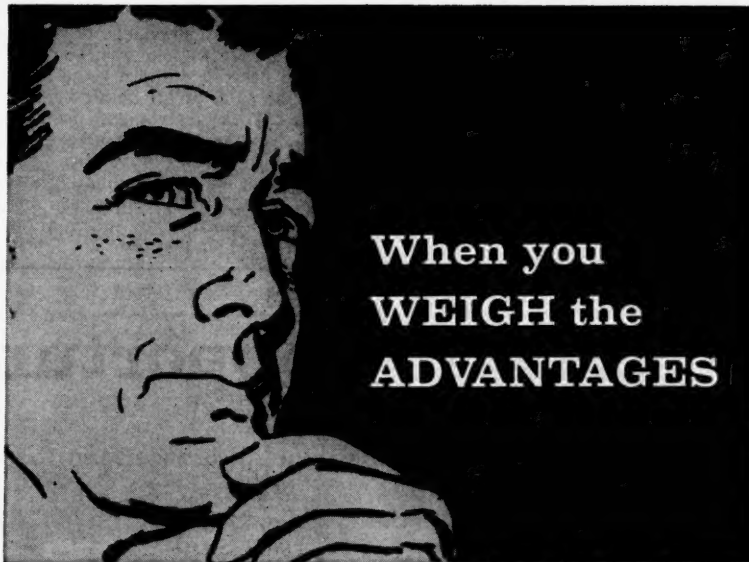
## Schaaf To Be Lead-Off Speaker On Second Day Of LIAMA Annual Meet

Charles H. Schaaf, executive vice-president of Massachusetts Mutual, will be the lead-off speaker the second day of LIAMA's annual meeting in Chicago, Nov. 7-10. Mr. Schaaf will discuss the distribution system in a speech titled "How Did We Get This Way—and Where Are We Going?"

He will be followed by K. G. McNab, vice-president and chief agency officer of Manufacturers Life, who will review the competitive situation of the agency system in other parts of the free world. Alexander Hutchinson, vice-president of Metropolitan Life, will close the morning session, leading a discussion of the LUTC-LIAMA survey of consumer attitudes toward life insurance.

In the afternoon, William E. Hays, New England Life general agent at Boston, will explore the subject of life insurance marketing in a speech titled "The Agent's Role in the Agency System." John J. Plumb will then examine the inside operations of an agency department and give suggestions for building an effective agency team. James F. Oates Jr., chairman and president of Equitable Society, will be the final speaker Thursday, when he presents an appraisal of what goes into making a successful, dynamic management team.

The Friday session will begin with an address by Kenneth L. Anderson, executive vice-president of Research & Review Service, on the topic, "The Lonesomest Job in Town." E. A. Palk, director of agencies of Great-West Life, will diagnose ulcer-producing business problems in his talk, "The Organization and the Man." Courtney C. Brown, dean of the graduate school of business of Columbia University, will discuss "The Businessman of the Future."



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## Travelers To Give Women Answers To Insurance Questions

Travelers group has instituted an information service for women with questions about insurance—their own, their husbands, or their families. The women's information bureau, under supervision of Jean Kinhead, the group's consultant on women's problems in the insurance area, will answer mail queries on life, A&S, property, and liability insurance problems.

Information will be provided on matters of interest to women such as family medical care and children's education.

J. Doyle DeWitt, president of Travelers, noted that women own \$80 billion of life insurance and are the beneficiaries of 65% of all death benefit payments. Working women, married or single, are becoming increasingly familiar with group insurance—six million women own approximately \$25 billion of group life. Women are increasingly interested in information about protection against loss.

## Isolated Opposition Won't Beat Welfare Plans, Bruce Advises

Isolated battles against specific welfare state proposals such as medical care through social security are futile, Donald Bruce, representative from Indiana, told Indianapolis Health Underwriters Assn. at its October meeting. "All you can hope for from such fights is some measure of delay," he warned.

"The trouble is that all of us tend

to become quite aroused when a proposal impinges directly on our interests, but to be relatively unconcerned when a similar welfare state proposal doesn't affect us directly." The only way to block the increase of social legislation is for all groups to combine and oppose the total philosophy and specific applications of it wherever they appear, he stated.

Mr. Bruce said that there is a "grass roots ground swell" against growing bureaucracy. His mail on the subject is now running about 200 letters a day. Successive administrations have built levels of bureaucracy until entrenched bureaucrats, not there by selection of the people, have developed a defiant attitude toward Congress.

### Attacks Bureaucrats

Bureaucrats prepare the bulk of legislation, he charged. "Many . . . plans 'to help the people' are plans to entrench the bureaucrats. Congress has abdicated its powers, leaving the people no place to appeal. The more people dependent on the government, the less security we have. We have become servants of the government."

Many congressmen agree with him in principle, Mr. Bruce reported, but are afraid to vote against "give-aways." What they need is assurance from their constituents that if they do so vote, they will be supported—not only on specific projects but on the whole front of social legislation.

### Lutheran Brotherhood Sales Push Sets Record

Lutheran Brotherhood wrote more than \$57 million in new business during the July-August sales campaign. This not only exceeded the goal by more than \$4 million but topped all previous sales figures for those two months.

Issued and paid for business during August totaled more than \$25,750,000, an increase of 16% over August, 1960. Business for 1961 so far totals nearly \$170 million, a gain of 9.4% over the first eight months of 1960.

### Midland Mut. Sets Conference

"Preparing for Progress" will be the theme of Midland Mutual Life's annual field management conference October 23-27 at Granville, O. General agents from throughout the company's territory and key home office personnel will participate in the conference program. Subjects to be featured include product developments, management methods, advanced sales techniques and manpower building, with special emphasis on the use of audiovisual recruiting aids. Guest speaker will be John M. Vorys, U. S. Congressman from Columbus.

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## Resistance To Agents' Commissions Grows

(CONTINUED FROM PAGE 5)

what the cash value is, where and when she bought it and what type of coverage it is," Mrs. Gilmore said.

But women do not like to be hurried or overwhelmed. They like to see the agent twice before they buy, and above all they must be treated as intelligent adults.

Mrs. Gilmore went over some of the special segments of the women's market that have been fruitful sales areas for her. One of her favorites is the graduating class of a women's professional school. Colleges are delighted to have speakers, and they will return the favor by giving Mrs. Gilmore a list of names and home addresses. However, the lapse ration for this group tends to be high, and they should be sold carefully, Mrs. Gilmore said.

Working mothers are another ready audience.

### Wife's Monetary Value

"A mother is worth \$300 to \$400 a month to a family. If the husband sends children to a day nursery this can cost about \$20 a day," she said.

Temporary workers—young women just out of college who intend to work only until they find husbands—are another good market, and career women have pretty much the same needs as a man. Grandmothers are another source of business. The high premium payment does not seem to bother them much. In addition, women can use the services of the life salesman in a whole range of specialized fields relating to estate and tax problems, key man insurance and deferred compensation.

There are very few men who specialize in the women's market, Mrs. Gilmore pointed out, and of the 80,000-odd membership in NALU only 1447 are female.

### No More Burial Policies

"The economic value and the wealth of women have both grown immeasurably in recent years," Mrs. Gilmore said. "The day of the \$1,000 burial policy is over."

Miss Connor said that if the agent wanted to sell women, he must sell to individuals, and to stress things that can actually be seen and heard and felt.

"There is a whole new psychology among women about spending money. Women are willing to cut it close on food, clothes and entertainment in order to get what they want. They are more and more willing to go into debt, but they want to understand what they are getting for their money."

A Ladies Home Journal study on women's attitude to life insurance has shown that a great change has come about in recent years.

"Women are no longer hesitant to talk about the subject because of its association with bereavement and death," Miss Connor said. "In many cases the woman is the motivator in a life insurance sale."

Mr. Leonard told his audience that the planned insurance college would help provide new tools and facilities with which to attract high caliber men to the business. In prospect is a daytime work-study program and an evening division for people already employed full-time.

The curriculum will be a balanced one; half of student's time will be spent on liberal arts subjects. The remaining half will be partly in insurance courses and partly in supporting courses, giving general business background.

"The program of the Insurance College envisions all recruiting to be done by cooperating insurance companies, agencies and brokerage offices," Mr. Leonard said. "Each company will pair off its student-employees so that while one is covering the job the other is in college."

Walter Mahlstedt said that there had been little or no misunderstanding of the variable annuity idea among his company's policyholders, and that there was little sign that anyone enrolled in College Retirement Equities Fund with the idea of speculating in common stocks.

### Uses Dollar Averaging

The Fund itself works on a dollar averaging system, and accumulates very few high-grade securities. At colleges where teachers are given the option of investing one-third, one-quarter or one-half of their money in the stock fund, 90% choose to use the one-half figure, but very few try to guess the market by varying their commitment to common stocks.

"The coming decade will prove whether variable annuities are to be used only by special groups or whether they will be a useful instrument for the public," Mr. Mahlstedt said. "The experience of TIAA is perhaps out of the ordinary because of the unusual sophistication of college people."

At the concluding session, Philip N. Lawton, senior consultant of LIAMA, in a talk entitled "Where Are Our Leaders?" said, "In most companies, the ideal source of supervisors and managers is the company's own agency force. This places on companies a responsibility to have a conscious, constant program for developing field management personnel."

The speaker pointed out the wide variances in individual company programs reflecting different philosophies, different sizes of agency departments, different levels of ability among present managers. Mr. Lawton

explained how the new LIAMA study course in agency management can serve as one step in a company's overall management development program.

### Inter-Ocean Holds Seminar

Future product development, new life insurance programs based on the 1958 CSO tables, and more effective merchandising and selling techniques highlighted a three-day general agency

seminar sponsored by Inter-Ocean of Cincinnati at Asheville, N. C. General agents from all over the country attended the annual seminar for panel discussions key-noted by an opening address by W. G. Alpaugh Jr., president on current economic trends and their relation to the general agency system.

Also attending from the company's home office were R. W. Angert, sales vice-president; T. J. Smart, Underwriting vice-president; K. J. Owens training director and E. A. Lewis, ordinary life sales manager.

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## Schaffer Discusses Effective Company Publications

(CONTINUED FROM PAGE 10)

ployees to learn what interests them, and increase reader interest.

House Magazine Institute recently conducted a survey, which showed that 71% of the publications are magazines, 26% newspapers, and 3% newsletters. More than two-thirds of the company publications are printed by letterpress, others offset. The greatest number of publications, 40%, are monthly; 29% come out every other

month, 5% twice a month, and 11% four times a year.

Roughly half of the publications are mailed to employees' homes; 25% are picked up at the plant, and 9% use both methods. The average annual circulation of these publications is 113,000 copies per year. The average cost per copy for magazines is 43 cents; the average cost per copy for the newspapers 27 cents. These figures are based on production and mailing costs

alone and do not include salaries, overhead, and the like.

To the question, "Does the publication have clearly defined written objectives?" 75% of the publications indicated they do have written objectives; the others do not. "Has your company ever conducted a survey or study to find out what employees know or do not know about company products, economics, and operations?" To this question 34% answered yes, the

others no.

The survey showed that 30% of the editors report to the company's public relations manager and 26% to the personnel manager. The balance of replies were astonishingly varied: Editors report to sales promotion managers, advertising managers, an editorial board comprised of top management, industrial and community relations managers, assistant cashiers, senior vice-presidents, and managers of information.

### Must Get Approval

The average editor must clear his material through three people, generally officers of the company. In the larger companies the editor must obtain approval from as many as 10. Most editors say that they secure approval of special features from department heads. In those companies where the president or other top executive is listed as among those who clear publications, the approval route is shorter.

Editors are hindered in the performance of their job by other duties—90% of the editors perform other functions in addition to their editorial work. They spend 40% of their time on other duties, such as preparation of speeches, press releases, letters, customer relations, and internal communications (newsletters, bulletin boards, and booklet programs).

The largest complaint by editors was the lack of management cooperation, Mr. Schaffer continued. One-fifth of the editors felt that they did not have management cooperation—a shockingly high figure if house magazines are to serve a useful purpose. Almost as many editors complained of problems in meeting deadlines, 15% said getting interesting material was their greatest headache, 9% complained of inadequate help, and 7% lacked access to good news sources. Others complained of problems in sustaining enthusiasm, inadequate budget, too many different approvals needed.

### Problems Interrelated

Most of these problems are interrelated. To illustrate, meeting deadlines is difficult in many cases because of the need to clear material through a great number of people. When an editor complains that he has no access to news, it is clear that he does not have real cooperation from management.

Editors listed their troubles: Almost total lack of interest by senior management in the publication, and no single coordinated plan for all employee communications. Failure to recognize the amount of time and effort that must go into the production of each issue. Very little information is supplied by management. Reluctance to permit publication of enough news about the business. Every department head fancies himself an editor.

### Should Have Objectives

Mr. Schaffer pointed out that without written objectives, publications are either floundering in a morass of uncertainty or following the whim of an editor or other officer of the company. The statement of objectives should be simple and direct. One such statement is: "To help perpetuate the enterprise it represents." Perhaps that is too brief, he said. But it is possible to make objectives too detailed and put the editor in a strait jacket. He suggested one statement of objectives: To build employee pride in the company, to create a true portrait of the company for the community and public, to disseminate important information about the company, to help improve

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the company's efficiency, and to promote understanding of the free enterprise system.

#### Some Have Two House Organs

The Atlantic Log, the house magazine of the Atlantic Mutual group, has this set of written objectives: To inform and educate the staff about the company, its history, its products, and its goals, and to keep alive the tradition and image of a company founded many years ago and to take pride in them; to emphasize the importance of people in the group and to recognize and understand their needs as human beings; and to persuade and educate employees that what is good for the company is good for them so they understand and appreciate the position of insurance in the economy today and how it affects them.

A number of companies have two different house magazines, each serving a different purpose. IBM has Business Machines, which is distributed to employees, and Think, which is an external house magazine publishing articles by well known public figures and not mentioning the company in the magazine. Gray Advertising Agency has published a monthly newsletter, Grey Matter, now in its 26th year, which is used as an additional service to its clients as a new business tool.

Allstate publishes an external house magazine, Home & Highway, with a fantastic circulation of more than four million copies, which places it well up in the ranks of leading mass circulation magazines. The masthead states that it is "published in the interest of accident prevention and to promote a better understanding of insurance subjects." Undoubtedly an allied purpose is to provide the Allstate policyholder with an extra service that will tie him more closely to the company.

Thus a house magazine can be used to achieve many and varied goals.

#### Role Is Important

The mere size and cost of some company publications should make the role of the editor an important one, Mr. Schaffer observed. Assuming that the editor is a man who knows his job, which is communications and, more specifically, writing—if he is capable—management should broaden his communications function. Some companies now are doing this. Editors prepare speeches for company officers, edit company correspondence, and play an active role in public relations.

But this broadened communications function is meaningless unless the editor has direct access to top management and to top management policy.

The editor who understands com-

pany policy can interpret company policy to both employees and public. The editor in whom top management confides will repay this confidence a hundred-fold in improved business communications. The editor who is informed can contribute ideas as well as articles. Editors are by nature a brainy lot. They may represent an untapped potential in brainpower that could be harnessed to company needs. Also, the company will be saving time and wasted motion and improving efficiency.

#### Communications Are Interrelated

All company communications are interrelated, and the editor who understands clearly what his responsibilities are will take on those responsibilities with gusto, Mr. Schaffer believes. The editor should not be given odd jobs that are not related to communications. If he does better at the odd jobs, he should be made janitor and a new editor hired.

Management should not force the editor to clear copy through a vast hierarchy of officers. This wastes his valuable time and theirs, often on trivia.

A survey to find out what employees are interested in does not mean that the company will therefore restrict material in the publication. But by emphasizing material in which employees are interested, the magazine gets better readership for everything in it. A survey by Research Institute of America revealed that management misses the boat in its ivory-tower guess as to what employees want to learn. The survey proved that employees are vitally interested in receiving company facts and figures, provided that these facts and figures are presented in a form they can understand. Employees want information which they cannot find elsewhere, information about management objectives, and factors affecting their livelihood. They are interested in frank information about the competitive picture and about today's selling problems.

#### Ways To Increase Reader Interest

Mr. Schaffer suggested several ways of increasing reader interest in the publication. One is to reduce the "pap." Another is to liven up headlines. A book entitled "The Art of Courtship" sold only 17,500 copies, but when the title was changed to "The Art of Kissing" it sold 60,500 copies. Only 100 people bought a book called "The Art of Controversy," but the same book, renamed "How to Argue Logically," hit 30,000 copies.

Another way to upgrade content is to publish articles on controversial

subjects. The Research Institute study found that employees generally wanted to hear company officers speak out on controversial subjects.

Mr. Schaffer suggested that business publications be used more extensively to sell the American system and combat economic ignorance. They should talk about profits with pride and write vigorously about business achievement.

#### Underwriters National Offers Cash Value A&S

Underwriters National Assurance of Indianapolis plans to introduce a series of A&S policies which will have cash and loan values, much the same as life policies.

The company now offers five basic health policies. Concentrating exclusively in disability income, hospitalization and major medical, Underwriters National has under contract more than 150 career life agents.

Fidelity Bankers Life of Richmond, Va., had more than \$6.5 million in ordinary life sales in September, a record for the company.

#### New Illinois Handbook

A new Underwriters Handbook of Illinois has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance in the state. Copies of the Illinois handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

#### Manufacturers Life To Increase Dividends In '62

Manufacturers Life will increase dividends to policyholders effective Jan. 1. This increase will be the ninth since 1951.

Interest to be paid in 1962 on dividends on deposit will increase from 4% to 4.1%. Policy proceeds left with the company under settlement options with provision for surplus interest will also receive the new rate provided they have been on deposit for at least one year.



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## Says Over 65 Group Well Able To Afford Its Own Medical Care

LOS ANGELES—Men and women over 65 are better able to take care of their medical needs than some other age groups, a meeting of Southern California chapter of American Society of Insurance Management was told here.

In an address larded with statistics, Russell H. Hubbard Jr., employee benefits consultant General Electric, New York, charged there was a note of hysteria in the current pressure to include compulsory medical care under social security. Voluntary health insurance is doing the job today even in the 65 and over group, he stated at the chapter's annual insurance buyer's conference.

### Best Medical Care

Mr. Hubbard emphasized that his country prides itself on having the best medical care available. He warned that the quality of health care could not help but deteriorate if experience under other government controlled medicine is any guide at all.

He stated that further progress and the very existence of voluntary coverage is threatened by present proposals to pay medical benefits under social security, and that those proposals would also jeopardize the entire social security system and the quality of medical care.

"The advocates of compulsory medical care," Mr. Hubbard said, "continue to trot out the correct but misleading fact that 60% of the aged 65 and over have incomes less than \$1,000. The census data on which this

was based shows that 74% of these individuals were women, and that 77% of all women 65 and over had incomes less than \$1,000. In fact 60% of all women of all age groups had money incomes of less than \$1,000."

A more meaningful fact, he said, is that the median income of family units where the head of the family was 65 and over and working was \$5,300, and the median income of all urban family units where the head was 65 and over, working or not, was over \$3,300.

### Cites New York Department

Mr. Hubbard cited a New York department of labor equivalent income study which adjusts for differences in spending requirements dependent upon the size of the family unit and the age of the head of the unit. The study covering New York residents showed that the median equivalent income for all families where the head of the family was between 65 and 69 was over \$7,000. This compared with a median equivalent income of about \$4,600 for all families where the head was between 40 and 44. The median equivalent income of all 4 person family units was about \$5,900.

The aged are not relatively worse off than other age groups, he said—they are better off. They are, by and large, an independent, self-reliant group who are able and willing to take care of themselves.

Mr. Hubbard contended that adequate medical care protection measures for all are now available. He described the great progress in voluntary health services at prices within the reach of nearly all as well as existing public programs for the aged and indigent. He also pointed to all

the sources of income from savings, pensions and social security benefits.

Fifteen years ago, no more than 24% of the total population had health insurance protection. Today, 73% have such protection and 67% have surgical benefits coverage. Premiums paid for health insurance now total \$7.4 billion annually.

The growth of voluntary coverage of those over age 65 has been faster than the growth in coverage of health insurance of the population as a whole. As recently as 1952 only 26% of the aged were insured under voluntary health insurance plans. Today, 53% of the non-institutionalized population over 65 have voluntary health insurance. This represents nine million out of a total of 16.6 million men and women over 65. An additional 2½ million are covered under old age assistance, and the Kerr-Mills act will provide care for the medical indigent. All together, nearly everybody 65 and over is now covered by some form of protection, Mr. Hubbard stated.

### Quotes Actuaries

The speaker quoted insurance actuaries who dispute the cost estimates produced by the sponsors of HR 4222. The actuaries say that a payroll tax of 2.3 to 2.9% would be required instead of the .5% planned by the sponsors of the bill and they estimate a first year cost of \$2.1 to \$2.4 billion and an ultimate cost of \$6 to \$7.7 billion later.

Mr. Hubbard stated, "If Congress believes that present social security cash benefits are not providing a floor of protection, then the thing to do is to increase those cash benefits—not jeopardize the entire social security system, voluntary health insurance and the quality of medical care."

## N. Y. Companies Urge Segregated Fund Legislation

(CONTINUED FROM PAGE 1)

compared with those in which segregated funds are permitted.

A number of spokesmen for other companies expressed similar views.

Eddon Wallingford, associate general counsel of Life Insurance Assn. of America, expressed general approval of the idea but said he might have more specific suggestions later after the joint LIA-American Life Convention committee that is studying the problem makes its report. He expressed no preference as between the segregated account plan and the owning of a trust company subsidiary, which has also been proposed, but he felt the law should be drawn so as to permit a company to choose whichever route it preferred.

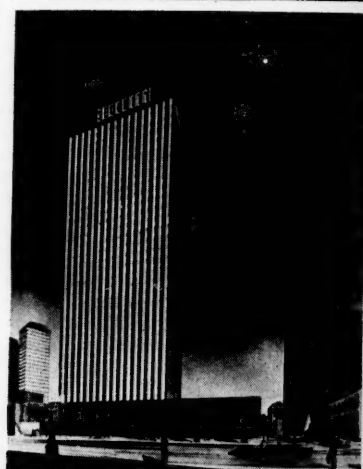
Insurance Superintendent Thacher said he is for the proposal in principle if appropriate safeguards can be devised to protect the integrity of the insurer's total assets "but this is a large if."

Also on the agenda was a proposal to permit domestic life companies to purchase fire-casualty subsidiaries, as out-of-state companies have been allowed to do since the New York court of appeals decision in the Connecticut General case. But this seemed to be far less of a matter than the push for the right to have segregated group annuity funds.

Mr. Thacher said he was not yet ready to propose the clarifying legislation he feels is needed as an aftermath of the Connecticut General decision.

Hence, he preferred not to say at this time on what basis—if any—he would be willing to permit domestic life companies to own fire-casualty subsidiaries.

Additional testimony given at the hearing will be covered in next week's issue.



Final construction plans and a tentative starting date of Jan. 2, 1963, have been released by Security Life & Accident for a 30-story, \$12 million building in the heart of downtown Denver. The skyscraper, which will be the tallest in the Rocky Mountain territory, will be partially occupied as the company's new home office. The remainder of the space will be leased.

To be constructed of reinforced concrete beams and slabs around an interior utility core also of concrete, the building should be completed in the fall of 1963. Features will include a glass enclosed arcade, shops located in a lower level, a dining room and club rooms, and a lobby of marble, stainless steel and aluminum.

## WANT ADS

Rates—\$25 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing "Situation Wanted" ads are requested to make payment in advance.

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A medium size Life Insurance Company located in the South, twelve years old and aggressively expanding, with a Fire and Casualty subsidiary, desires experienced man to head the company. Prefer individual with production and executive experience in combination life, fire and casualty fields. To the right man we will give unlimited opportunity and very liberal income. Also have opening for actuary capable of assuming some executive duties along with actuarial work. Applicants please give all essential details as well as experience. Will treat in strict confidence and will not contact references, unless you give permission to do so, until we have consulted with you. Reply to B-68, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### BATTLE CREEK OPPORTUNITY

District Agency available December 1, embracing three counties. District Agent receives extra commissions first and second year on personal production and on production of appointees, plus Home Office allowances as high as \$7.70 per thousand on production of full time appointees. Basic training and financing of full time appointees handled by General Agent. Group Life and Major Medical as well as Persistency Fees beyond renewal period and liberal Retirement Plan for District Agent and full time appointees. District Agent makes own decisions regarding office, secretarial and other facilities he needs. Top quality existing clientele—the work of retiring District Agent, a 15 year MDRT member. Write fully and in confidence concerning your background and experience to R. W. Emerson, 136 E. Michigan, Kalamazoo, Michigan.

### EXECUTIVE AVAILABLE

Top-flight, self-starting Agency Vice President seeking challenging and satisfying opportunity. Competent organizer, proven sales ability, prime experience in all phases of life, group, special risk and commercial insurance. Now achieving solid results. Middle thirties, married. Will relocate. Resume upon request. Write B-50, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### V-P & AGENCY DIRECTOR—A & H

New, progressive, multiple-line casualty company in midwest has unusual opportunity for the right man with background of successful field management in individual A & H. Position open in 30-60 days. Send complete resume to B-61, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### MAY BE BEST MAN AROUND

Currently employed and very successful. Top executive life company who has built from zero. Will build company for contract with tenure and participation. Write B-63, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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A top producer who knows how to recruit, train and supervise general agents. By one of the most progressive, fastest growing life insurance companies in America. Complete policy portfolio. Backed by 40 year old parent corporation with assets of \$540 million. Home Office Los Angeles.

Prefer present resident of Oregon or Washington state. Age 30 to 45. At least 6 years of life insurance experience, part in sales management.

Salary commensurate with experience. Profit sharing, retirement and insurance plans, car and expenses.

Send resume in confidence to:

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Vice President and Director of Sales  
PACIFIC FIDELITY LIFE  
INSURANCE COMPANY  
675 South Westmoreland Avenue  
Los Angeles 5, California



## Md. Should Lead Replacement Fight

(CONTINUED FROM PAGE 1)

nesses, most of whom wholeheartedly backed the commission rule in its proposed form, made it clear that they favored a regulation that would make the companies responsible for replacement control, perhaps one that might be put together by NAIC. They prefer a rule like the one proposed in Wisconsin, which would require an agent involved in a replacement situation to file a copy of the proposal with his company, which, in turn, would notify the offended company that its policy or policies were being replaced.

Commissioner Sears made it quite emphatic that his department does not look very kindly on the idea of waiting for NAIC to come up with a model bill. NAIC, the commissioner said, although a wonderful organization that has done a lot of good for the insurance business, is slow to act.

"If we wait for NAIC to act, we will be here a long time," the commissioner declared. "The insurance buying public," he said, cannot wait the six months, or longer it would take NAIC to formulate model."

It would seem, then, that Maryland is determined to have a new anti-replacement regulation and soon. How closely it will adhere to the proposed version is difficult to determine so soon after the hearings. However, the commissioner noted that many valid objections to the new regulation had been voiced by company witnesses, some of which would be seriously considered when the rule is formulated.

### Company Objections

Among the companies' objections to the rule in its proposed form were the following:

—The regulation requires that the agent's proposal contain 12 points of comparison between the new and replaced policy. Companies objected to spelling out the items of comparison on the basis that if a replacement is effected by an agent using an unfair comparison that is not one of the 12 points, it would not show up in the department's required proposal. In other words, the unethical agent could use the 12 points as a guide for those areas where he must make honest comparisons and violate the law in unspecified areas. The suggestion was made that the requirements be less specific and stated in general terms to include all comparisons that would be material to the replacement situation in question.

—Assuming that some replacements are justifiable, an agent making legitimate replacement and not being able to ascertain some of the required information might be penalized for what he didn't know, even though the information was not material to the replacement under consideration. Such an agent would be placed in the untenable position of being required to

prove that he had no knowledge of the information, a circumstance not unlike a man accused of a crime being presumed guilty until he can prove his innocence.

—An unethical agent could use the existence of the regulation in his sales pitch. He could tell the client the proposal is being submitted to the department, and if the government agency did not object to it, the replacement by implication would thus seem to have the department's sanction. The regulation, by the way, would not prevent any replacement sale. It is set up for the purpose of keeping tabs on chronic replacers and would not be effective in blocking any individual sale.

—In its definition of replacement, the proposed regulation states that if a policy is terminated, changed or if a loan is made within one year prior or one year after the issuance of new insurance, such a transaction is deemed a replacement unless information to the contrary can be provided to the satisfaction of the insurance commissioners. Company witnesses protested that it would often be difficult, if not impossible, for an agent or his company to anticipate certain replacement situations. A policyholder, for example, could take out a loan for personal reasons and then one year later decide on his own to buy a new policy. The law also requires that an agent or broker must file the proposal within three days after application for the new policy is made. But since the transaction may not become a replacement until long after the three-day requirement, there would be many instances where the agent simply could not comply with the regulation.

The hearings will be reported in more detail in next week's issue.

## Lifeco Of Seattle Hits \$200 Million In Force Mark Within Four Years

Nearly four years to the date since Lifeco of Seattle wrote its first policy it has attained the \$200 million level of life insurance in force. The first Lifeco policy was issued on Oct. 1, 1957.

This places Lifeco in the top 15% in size of the nation's 1,500 life companies.

Lifeco's growth rate to its present level is reported to be a record for a Pacific Northwest-based life company—and without purchase of another life company or going into reinsurance.

This company reached its present size by selling through fire and casualty agents who represent the affiliated General and Safeco companies. It had been General group's belief when Lifeco was organized that fire and casualty agents could write life as well as they could other insurance, thereby providing complete multiple lines service.

## Predicts Life Sales Will Double By 1970

Life sales will double in dollar volume by 1970 if the business does nothing but maintain the present ratio between per capita insurance, per capita income and population, Wayne Herring, sales vice-president Pacific Fidelity Life, declared at the company's first annual sales meeting in Las Vegas. His speech keyed modern marketing methods, the theme of the convention.

Mr. Herring pointed out that 1960 total sales of \$74.4 billion brought total life in force to \$586.4 billion. Based on the 1960 total population figure of 179.9 billion, this amounted to \$3,260 in insurance per capita. Income per capita for the same year was \$1,969.

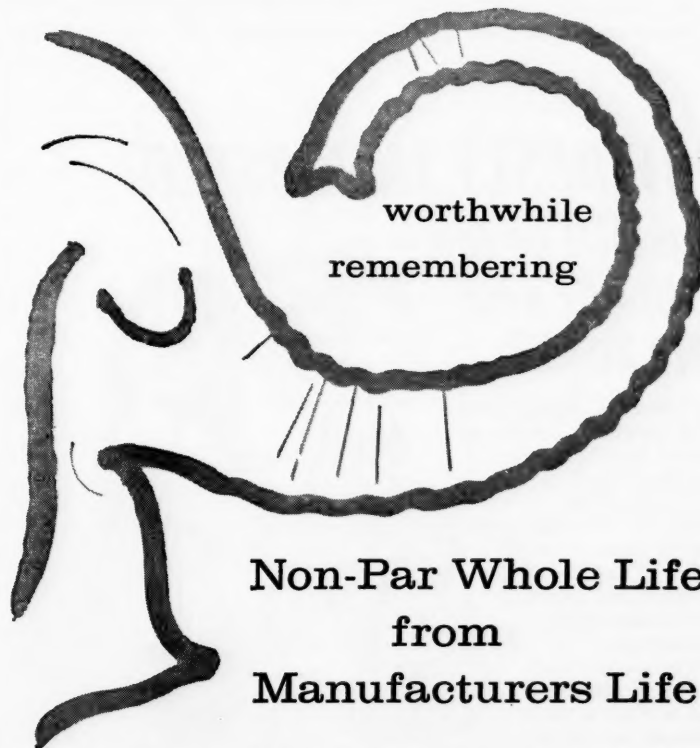
Experts predict a 1970 population of 217.9 billion, he said, and a rise in per capita income to \$2,601. Economists forecast a rise in insurance per capita to \$4,316 by 1970, bringing total insurance in force to \$940.5 billion. Thus, to maintain the 1960 ratio of sales to these factors, the 1970 sales

will have to be \$149.4 billion—double the 1960 sales.

Mr. Herring predicted that companies most effective in applying modern methods to their sales and training techniques will be most successful in getting their share of the tremendous market which will develop during the next decade.

Other speakers included Elliott Taylor, vice-chairman Pacific Fidelity Life, who described the future of the company in terms of the growing market, and George Boddiger, president, who outlined the reasons why Pacific Fidelity Life calls itself America's most modern insurance company.

Guest speaker at the convention banquet was Louie Throgmorton, vice-president Republic National Life of Dallas, whose address was entitled "Give Me the Lucky Agent." An unusual feature of the convention was the active participation of agents' wives in the program. One wife, for example, spoke on how it feels to be the wife of a million dollar producer. Agents and company officers said the wives' portion of the program provided several convention highlights.



## Non-Par Whole Life from Manufacturers Life

Manufacturers Life's non-par whole life policy will give your client maximum permanent protection per premium dollar.

It's a particularly appealing contract for business men who are interested in protection at low annual outlay plus the additional security of cash and paid up values. It's ideal estate protection for the older ages too—and remember Manufacturers Life writes through to age 80.

For further information contact your nearest Manufacturers Life Branch Office.

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A Connecticut Life Insurance Company offering up to 103% first year commission—it sure is! We also pay another 45% in renewals over the next six years. If you want more information on how to step up to your own Agency, contact—David G. Hunting, C.L.U., President.

**SECURITY-CONNECTICUT LIFE INSURANCE COMPANY**  
174 Whitney Avenue • New Haven 5, Conn.



## Says Computer Can't Compete With Humans

(CONTINUED FROM PAGE 1)

dividual human data into a form acceptable for computer processing is costly. Much of the information needed for the original classification of an applicant is seldom used again."

Mr. Rockafellow noted that where a large number of applications for small amounts are handled daily and scanned by junior checkers who approve a high percentage, there may be some opportunity for automated selection. But, he said, in those areas where outside investigation, through an examiner, attending physician or inspection company is needed, automation would become very complex.

"It is naive to believe that the refinement of machines to do our thinking for us will be the answer to all our problems," he said.

### Non-Smokers Preferred

Dr. Alton P. Ochsner, president of International Society of Surgery and founder of the Ochsner Clinic & Foundation hospital of New Orleans, urged life companies to give preferential premium rates to non-smokers because, he said cigarette smoking is a form of suicide, just as much a form of self-destruction as "shooting a bullet

through your head."

The death rate from lung cancer among heavy cigarette smokers is 800% higher than among non-smokers, Dr. Ochsner said. "I have yet to talk to a physician who doesn't say that a causative relationship exists between cigarette smoking and lung cancer, except for those in the employ of the tobacco companies and those who themselves are addicted to smoking."

Russell L. Wagner, National Life & Accident, reported on the 1961 commissioner's standard industrial mortality table. Mr. Wagner is a member of the committee which assisted NAIC in conducting an experience study of industrial policyholders of 18 large life companies during a five-year period ending Dec. 31, 1958. The new table is based on the study and indicates that the death rate among lower income groups has dropped more sharply during the past two decades than among middle and upper income groups.

### 60% Improvement Generally

The study showed that, since the 1930s, mortality has improved more than 60% among industrial policyholders at all age levels up to 40.

Mr. Wagner said, "The improvement varied from nearly 70% at age 10 to approximately 23% at age 90. Generally speaking, the percentage improvement was greater at the young ages and tended to decrease as the age increased."

"Industrial insurance mortality has improved to a greater degree than ordinary life insurance mortality. Thus mortality under industrial insurance and that under ordinary insurance is tending to converge. It is seen that the lower social economic group of the population represented by industrial insurance policyholders has benefited to a greater extent from the improvements in living standards, introduction of antibiotics, improved surgery, better working conditions and better medical services than those in the higher social economic groups."

It is conceivable, Mr. Wagner said, that the proposed new industrial mortality tables could be adopted by NAIC during its December meeting at Dallas.

### Other Speakers

Other speakers at the meeting included Emmett Russell Jr., Life & Casualty, who followed Mr. Rockafellow on the first day of the meeting.

There were several forum discussions, among which was one on new business methods and issue costs moderated by Harry Cook, Mutual Service Life of St. Paul; a forum on finances, persistency and insurable interest, directed by Mr. Konigson, and a forum on alcohol, morals, environment and non-conformity, led by Edward A. Watson, Independent Order of Foresters.

Two panels on a series of hypothetical cases involving different underwriting considerations were moderated by Gale P. Osterday, National Public Service of Seattle, and William T. Warren Jr., Southern Life & Health. A panel discussion on monthly and weekly premium problems was moderated by Douglas E. Nickens, Lincoln Income Life.

The meeting closed on Friday morning with a talk by Harry F. Gundy, Sun Life of Canada, on the underwriting significance of aviation, and a panel discussion of competitive underwriting, military and high standard underwriting, which was moderated by James E. Reeder, Independent Life & Accident.

### Harleysville Life In Stock Offering To Associates Of Company

Harleysville Life has filed with the Securities & Exchange Commission a statement covering the sale of 40,000 shares of common stock, at \$15 per share, to be offered to agents, management officials, employees and associates of the company. At present all but 12 shares of the 60,000 outstanding are owned by Harleysville Mutual companies.

### Bells At Metropolitan Stilled For Tower Repair

The great bells of the Metropolitan Life Tower are silent for the first time since 1909, the year the building was completed. A complete renovation of the tower is in progress, involving a change in the architectural style to conform to the modern lines of the other Metropolitan buildings. Coigns and cornices are being removed, and the interior will be modernized and air conditioned.

The four bells of the tower—the largest weighing 7,000 pounds—will be heard again in about eight months.

## Security Benefit Has Half-Billion, Expands Personnel

Security Benefit Life has reached \$500 million in force. During the past decade the company has tripled its size, and is now the largest life insurer in Kansas and among the top 10% nationally.

As part of the company's growth, it has appointed Burnett A. Halstead Jr. associate actuary and G. Richard Baldwin senior underwriter. Mr. Halstead, a fellow of Society of Actuaries, had been with Monumental Life of Baltimore and Mr. Baldwin with Ohio National Life.

The American General Life has been licensed in Idaho.

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You will be too—  
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You'll be really impressed with North American's brand new Life and Health Insurance Rate Book. You'll be impressed with its appearance, its complete line of policy plans and most of all . . . you'll be enthusiastically impressed with its rock-bottom premium rates.

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## NORTH AMERICAN LIFE INSURANCE COMPANY OF CHICAGO

NORTH AMERICAN BUILDING CHICAGO 3, ILLINOIS





## the Back Page

An advertisement of the life companies  
of the American General Group,  
presented regularly in this space for the inspiration  
and enlightenment of life underwriters everywhere.

### ... AND SPEND THE DIFFERENCE

**N**OW AND THEN I like to lean back in my chair and remind myself that the ownership of life insurance does not compete with a man's standard of living, but *enhances* it instead.

Let us examine this proposition by considering the situation of a typical husband and father. We shall call him George Spelvin, which is newspaper shop talk for an average reader and which might justify us in calling our George an average American.

George is in his middle thirties, has a wife and two small children, and brings home a pay check of \$100 a week. We assume this to be the net-after-tax remainder from gross earnings of perhaps \$115 or \$120 a week.

Of George's \$5,200 yearly net, a considerable portion obviously must be set aside for future needs—*and George knows it*. However reluctant he may be to face this fact, there is no escape from it. However reluctant he may be to face this fact, he knows deep in his consciousness that he *must* accumulate dollars for future needs . . . and that already the time is short.

But he is not free to do so. Some portion of George's income must be set aside for future needs—*and George knows it*. However reluctant he may be to face this fact, there is no escape from it. However reluctant he may be to face this fact, he knows deep in his consciousness that he *must* accumulate dollars for future needs . . . and that already the time is short.

**S**O, DESPITE THE COMPETITION of today's needs, George must set aside some portion of his income for future needs . . . and he knows it. *He knows he must save money for tomorrow because he faces three prospective needs for future dollars, at least one of which will CERTAINLY mature.*

First, he may need money in the future because he may someday come face to face with emergency or opportunity. For this reason alone, George *should* put aside a few pennies out of each dollar of income. Yet this is the least pressing of his needs for future dollars.

Second, George may need money at some unknown and unpredictable future date to provide for his wife and two children in event of his death.

He intends to provide for those children until they are grown, to give them an education and a fair chance in life. He intends to provide for his wife as long as she lives . . . as long as *she* lives, not merely as long as *he* lives.

And he can and will provide for his dependents—out of his earnings—as long as he lives. But he may not live long enough! If he does not, *there must be money*. So George *must* save money. He must save a great deal, for the time may be short. He is thus, whether he likes it or not, engaged in a desperate race with time and uncertainty.

Ironically, this need which is so enormously urgent may never materialize. And therein is the basis of George's difficulty: *He must save a very large portion of his income against this hazard, yet if the need materializes, he will, even so, not have saved enough; and if it does not, he will have saved too much.* He will have saved "too much" in the sense that he will have deprived his family and himself of some of the luxuries and some of the comforts and possibly even some of the necessities which could have been theirs.

The third need is an alternative of the second. If George lives, so that the second need never materializes, then the third certainly will—for the third need is for dollars in the later afternoon of George's life, when he stops working, whether voluntarily or involuntarily, and when earned income stops but the cost of living continues.

George is no accountant, and he may scarcely know the meaning of the phrase "sinking fund," yet he is acutely aware of his dire

need for a steadily growing financial reserve against the day of his own obsolescence.

**N**OW, TO MEET THESE THREE NEEDS, how much must George save?

The answer is—all that he *CAN* save, and indeed *MORE* than he can save.

Suppose he saves half of his \$5,200 income for the next ten years: Will it be enough? In ten years he will have saved \$26,000, plus some interest, and he might just barely have accumulated an estate sufficient to give his wife and children a fair shake, in event of his death at that moment.

Manifestly, the task is all-but-hopeless. If he saves only a third of his income, and even this is virtually impossible, he still will not accumulate enough unless a generous fate allows him a considerable number of years to do the job. *And he can never be certain he will have time enough!*

The rub is that if he does live, he will have sacrificed too greatly, and in a sense he will have saved too much!

Now, how much must he save for retirement? The answer is that here, too, he must save a fourth to a third of his income if he is to build an adequate retirement income with the same security offered by absolute guarantees and riskless investments.

If George wants to retire 30 years hence on, say, \$3,000 a year, he will need some \$75,000, more or less, to provide it with complete safety. To accumulate such a sum with certainty, he must save more than \$1,500 a year—and even at the conservative rates which this implies, he will need more than a little luck if he is to succeed.

*If he saves \$1,530 a year—\$127 a month—for every one of the next 30 years, if he never misses a month, if he never loses a dollar of principal, if he earns 3% NET AFTER TAXES year after year, and if he never misses a day of time in reinvesting, he will have \$75,000 when he is 65. . . .*

**A**LL THIS is unpalatable food for thought. Small wonder that George does his best to avoid thinking about it. Small wonder that he evades the unpleasant task of reasoning out his needs as we have just done. Small wonder that he closes his eyes to these difficult facts of life, as a man with a toothache postpones a trip to the dentist as long as he can.

And small wonder that he will greet us so cordially when once he understands that we have come to show him how he can live on 88% or 90% or 92% of his income, instead of 50% or 66% or 75%.

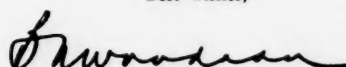
For we are able to say to him, "George, if you are like the rest of us, you would like to be able to use all your income for present needs. But of course you can't. This is not because I say so—*this is simply because it is a fact of life that inevitably there will come a day, to your family or yourself, when there must be money and when there is no earned income.*

"You can meet these future needs by accumulating money in ordinary ways . . . or by the use of life insurance. If you use the ordinary methods, you must live on one-half or two-thirds or three-quarters of your income. If you do the job the easy way through life insurance, you can have 90% of your income for day-to-day needs.

"And, in addition, we'll throw in a good night's sleep every night—*because you will always know that you are saving every penny you need to save, and not one penny more.*

"George, why not use the plan that lets you live on 90% of your income instead of 66% or 75%? Buy life insurance, George—and spend the difference!"

Best wishes,



American General Life Insurance Co.  
Houston, Texas

Knights Life Insurance Company  
Pittsburgh, Pa. Houston, Texas

Home State Life Insurance Company  
Oklahoma City, Oklahoma

Hawaiian Life Insurance Company, Ltd.  
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Insurance in Force October 1, 1961 . . . \$1,906,000,000



**FORWARD... MARCH!**

**BUT NOT WITHOUT AN ABOUT FACE TO THE PAST.**

Ten years ago we enthusiastically supported the creation of the NALU's General Agents and Managers Conference. Over the years, it has provided an industry-wide medium for the exchange of ideas . . . ideas that continually strive to improve modern management methods.

Because we believe that the continued improvement in training of agents and managers leads toward higher standards in life under-

writing, we congratulate organizations such as the GAMC for furthering this concept.

Many years ago our own General Agents and Managers Association was formed. And more recently, Provident Mutual confirmed its belief in the value of training by initiating formal Management Training Schools at the Company's Home Office.

New concepts . . . new methods . . . new programs in our industry. We look for more *forward marching* to come!

**PROVIDENT MUTUAL**

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